

DRAFT ANNUAL BUDGET OF !KHEIS LOCAL MUNICIPALITY



2013/14 TO 2015/16

Draft Medium Term Revenue & Expenditure Framework (MTREF)

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!KHEIS LOCAL MUNICIPALITY

VISION

“The development of an institution, focussing on transparent, loyal and effective service delivery to the residence of the !Kheis Municipal Area.”

MISSION

‘To promote economic development to the advantage of the communities within the boundaries of the !Kheis Municipality. This will be done by the establishment and maintenance of an effective administration and a safe environment in order to lure tourists and investors to the area’.

Core values of the municipality

The Municipality is committed to deliver services within the framework of *Batho Pele* principles, as outlined below:

- *Courtesy and ‘People First’*
Residents should be treated with courtesy and consideration at all times.
- *Consultation*
Residents should be consulted about service levels and quality, when possible.
- *Service excellence*
Residents must be made aware of what to expect in terms of level and quality of service.
- *Access*
Residents should have equal access to the services to which they are entitled.
- *Information*
Residents must receive full and accurate information about their services.
- *Openness and transparency*
Residents should be informed about government departments, operations, budgets and management structures.
- *Redress*
Residents are entitled to an apology, explanation and remedial action if the promised standard of service is not delivered.
- *Value for money*
Public services should be provided economically and efficiently.

Part 1 – DRAFT ANNUAL BUDGET

1.1 Mayor's Report

1. Introduction

I am humbled to present the Annual Budget and IDP for the 2013/2014 MTREF to you. The budget I am presenting here today was prepared in accordance with the prescripts of the Municipal Finance Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practices as applicable to Local Government.

The word budget means different things to different people. In certain circles it is regarded as forecast of revenue and expenditure. In other instances a projection of future financial activities. But in our context the budget is a very powerful developmental tool. It would be a futile exercise when this tool is not utilised to achieve our developmental imperatives to change the lives of the citizens in !Kheis.

We, as !Kheis view the budget as a planning tool and instrument through which we manage public funds to improve the quality of life of our people, the budget is an instrument of development and this we do through planning, allocation, control and proper accounting.

As a responsible Local Government we have underpinned the crafting of the budget on five key strategic objectives and these are:

1. To develop sound integral and sustainable Human Settlement
2. To improve financial viability and sustainability
3. To ensure Good governance and Institutional Development
4. To spearhead Economic Development and Social development
5. To harvest progressive strategic partnership with all stakeholders

The following underlying factors were also taken into consideration when we compile the 2013/2014 budget:

1. The current socio economic circumstances of our communities and especially the high rate of unemployment
2. External factors having a direct impact on the budget such as the wage agreement concluded with organized labour as well as other cost factors influencing service delivery.

!Kheis Municipality's budget is again task to provide sustainable and economically viable local governance to our communities. It is acknowledged that while the municipality is not a profit making organization it must be maintained as a going concern; therefore we cannot do without increasing the cost of our service delivery. We find ourselves in a position where we have to continuously adapt our strategies to suit prevailing economic circumstances, as we cannot isolate ourselves from the global economy.

2. Revenue

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. In the 2012/2013 financial year budget, revenue from rates and services charges totalled R8.1 million and this constituted 17% of the total revenue (excluding capital receipts). In the forecasted year rates and service charges increased to R 8.4 million and this contributes to 18.63% of total revenue for the year.

Operating grants and transfers totals R19.7 million in the 2013/14 financial year and is forecasted to steadily increase to R21 million and R 22.8 million in 2014/15 and 2015/16 respectively.

Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

2.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The category of rate-able properties for the purposes of levying rates and the proposed rates for the 2013/14 financial year is based on a 7% increase from 1 July 2013. However the Municipal valuation roll that was in use in 2012/13 has outlived its regulated useful life. A new valuation for the properties within the jurisdiction of !Kheis Local Municipality will be conducted for purposes of compiling a valuation roll as required by Municipal Property Rates Act Section 30(1)(b).

2.2 Sale of Water and Impact of Tariff Increases

!Kheis continues to face challenges with regard to water supply, since demand growth outweighs supply. Consequently, National Treasury (through MFMA, Circular 66) is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective-including the cost of maintenance and renewal of purification plants, water networks and cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariff are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in the future to ensure sustainability. In addition 6kl water per 30-day period will again be granted free of charge to all registered indigent residents as proposed in the Indigents policy for 2013/2014.

3 Expenditure

The municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The assets renewal strategy and repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core service; and
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

3.1 Employee related costs

The budget allocation for employee related costs (both Political office bearers & officials) for the 2013/14 financial year totals R15.8million, which equals 34.7% of the total operating expenditure. This represents a 17% increment from prior year as guided by the multi-year Salary and Wage collective Agreement for the period 1 July 2012 to 30 June 2015

Bulk purchases, repairs and maintenance, operating expenditure

Bulk purchases are directly informed by the purchase of water from Boegoeberg Water Users Association. The annual price increases have been factored into the budget appropriations and directly inform the revenue forecasts. The expenditure includes distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure. For 2013/14 the appropriation for repairs and maintenance is R2.3 million which constitutes 5.1% of the total operating expenditure for 2013/14 and continues to grow at 26.5% for the two outer years of MTREF

Aligned to the priority number one of our 2013/14 IDP to preserve and maintain the municipality's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome to ensure continued existence and operating efficiency of the Municipal Infrastructure.

In 2013/14, R14.5 million has been appropriated for the development and acquisition of infrastructure to try and reach out to some areas of our community yet to have the necessary infrastructure for service delivery. Sanitation has the highest allocation of R 7.3 million in 2013/14 which equates to 51% followed by roads infrastructure which totals R5.8 million.

4 Conclusion

The budget submitted here today is another step closer in attaining the strategic goals of the municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, the financial viability and sustainability of the municipality as well as good administration and public participation.

I would like to thank all the role players, stakeholders and every citizen of !Kheis Municipality who participated in the crafting of this IDP and Budget, through a process of public participation, ward committees, workshops, one – on – one engagements and individual inputs.

It is my privilege and honour to present this 2013/2014 budget to the Council for its consideration and approval.

I thank you!

1.2 Council resolutions

On 28 May 2013 the Council of !Kheis Municipality met in the Council Chambers to consider the Annual Budget of the municipality for the financial year 2013/2014 and the two outer years. The Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopt the following resolutions:

1.1 The annual budget of the municipality for the financial year 2013/2014 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification)
- 1.1.2 Budgeted and Financial performance (revenue and expenditure by municipal vote)
- 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type); and
- 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification funding by source.

1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- 1.2.1 Budgeted Financial Position
- 1.2.2 Budgeted Cash Flows
- 1.2.3 Cash Backed reserves and accumulated surplus reconciliation
- 1.2.4 Asset Management; and
- 1.2.5 Basic Service Delivery Measurement

2. The Council of !Kheis Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000), approves and adopt with effect from 1 July 2013 the following tariffs for all services:

- 2.1 The tariffs for property rates
- 2.2 The tariffs for supply of water
- 2.3 The tariffs for sanitation services

3. The Council of !Kheis Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000), approves and adopt with effect from 1 July 2013 the tariffs for other services.

4. To give proper effect to the municipality's draft annual budget, the Council of !Kheis Municipality approves:

- 4.1 that cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
- 4.2 That the municipality did not budget to raise long term loans to fund the capital budget.

1.3 Executive Summary

!Kheis Municipality made good progress in recent years with regards to the budgeting procedures and ensuring that budgets are prepared in line with GRAP and National Treasury Budget Regulations. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government. The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process.

National Treasury's MFMA Circular No. 48, 51, 54, 55, 66 and 67 were used to guide the compilation of the 2013/2014 draft budget. The following areas require particular attention:

- Revenue Management – To ensure all households are accurately billed and revenue collected
- Collection Outstanding Debt – Ensure sufficient administrative capacity, political commitment and accuracy and affordability of the accounts of poor households
- Pricing of services – To ensure that the services rendered are recovered in terms of the pricing structure
- Repairs and Maintenance – Assets should be maintained in a healthy state in order to generate revenue over a longer term
- Spending on non-priorities – Ensure that funding is allocated to prioritized items.

The main challenges experienced during compilation of the draft 2013/2014 MTREF can be summarized as follows

- The continuous growth in the number of indigent consumers coupled with inadequate provision for them based on the cost of rendering the services
- Service delivery backlogs
- The continued increases in the cost to provide services. Continuous high tariff increases are not sustainable – as there will be a point where services will no longer be affordable to our communities, particularly the unemployed, the vulnerable and indigents.
- Unavailability of electricity as both a trade service and a debt collection mechanism to the municipality due to the direct provision of these service to the population by ESKOM
- Wage increase for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- Aging and poorly maintained water and roads infrastructure.
- Unavailability of own funding for capital budget; and
- Inability to raise capital

The following budget principles and guidelines directly informed the compilation of the 2013/2014 MTREF.

- The 2012/13 Approved Budget priorities and targets, as well as the base line allocations contained in that Approved Budget were adopted as the upper limits for the new baselines for the 2013/2014 Draft MTREF Budget.
- Compliance with laws and regulations
- Previous commitments and existing contracts
- Affordability of tariff and property rate increases in line with inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.
- The budget must be spent in full, and all grants must be utilised in full.

In view of the aforementioned, the following table is a consolidated overview of the 2013/2014 Medium-Term Revenue and Expenditure Framework.

Table 1 Consolidated Overview of the 2013/14 MTREF

R Thousand	Approved Budget 12/13 R'000	Budget Year 13/14 R'000'	Budget Year +1 2014/2015 R'000'	Budget Year + 2 2015/2016 R'000'
Total Operating Revenue	46 936 630	45 572 848	44 294 218	46 862 593
Total Operating Expenditure	31 526 475	45 569 037	48 200 977	50 979 033
Surplus /(Deficit)	15 122 072	3 812	(3 906 759)	(4 116 440)
Total Capital Expenditure	21 071 333	14 533 000		

Total operating revenue has decrease by 3% for the 2013/14 financial year compared to the 2012/13 Approved Budget, due the decrease of revenue is due to the non-payment of municipal services. Debt collection policy will be reviewed and strictly implemented to ensure better payment of municipal services.

Operational expenditure has grown by 31% in the 2013/14 budget year compared to the 2012/13 approved budget figures. This increase is mainly due to repairs and maintenance on the bulk water plants as well as diesel for the sanitation and sewerage trucks.

The capital budget of R14.5 million for the 2013/14 financial is 31% lower than 2012/13 Adjustments Budget. The decrease is due to the fact that in the current year no budget maintenance was necessary. Also the Kgotso Pula Nala Project didn't realise in the 2012/13 financial year, therefore no provision has been made in the 2013/14 financial year. A substantial portion of the capital budget will be funded from MIG over the MTREF. No borrowings are anticipated to contribute to the funding of capital expenditure in each of the MTREF years

1.4 Operating Revenue Framework

!Kheis Local Municipality intends to continue improving the quality of services provided to its community as highlighted above on its priorities and therefore needs to generate the required revenue to attain that. In these tough economic times strong revenue management is fundamental to the financial sustainability of our municipality. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues. We have made generous efforts, in the MTREF, to maximise revenue generation without negating the need to be realistic while limiting non-essential expenditure. This places a strenuous burden on our management to be prudent in the revenue and expenditure management.

The municipality's revenues strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure an 85% annual collection rate for property rates and 60% on other key service charges;
- Achievement of full cost recovery of specific user charges especially in the relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigents Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2013/2014 MTREF revenue (classified by main revenue source):

Table 2 Summary of revenue classified by revenue source

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	978	595	1,129	1,050	1,050	1,050	–	1,708	1,828	1,956
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	3,349	3,009	3,514	3,603	3,603	3,603	–	3,417	3,657	3,912
Service charges - sanitation revenue	2	1,304	1,267	1,389	1,483	1,483	1,483	–	1,445	1,546	1,655
Service charges - refuse revenue	2	1,580	1,712	1,849	1,978	1,978	1,978	–	1,919	2,053	2,197
Service charges – other											
Rental of facilities and equipment		397	496	188	525	525	525	490	484	518	554
Interest earned - external investments		95	161	305	112	112	112	65	310	332	355
Interest earned - outstanding debtors		155	775	1,684	1,899	1,899	1,899	1,684	1,767	1,891	2,023
Dividends received		–	–	–							
Fines		10	–	–	13	13	13	10	4	4	5
Licences and permits		118	–	–	3	3	3	1	3	3	3
Agency services		–	(321)	210	154	154	154	155	171	183	196
Transfers recognised - operational		11,086	14,517	17,395	21,799	21,799	21,799	15,622	19,771	21,012	22,861
Other revenue	2	30	536	176	38	38	38	–	22	24	26
Gains on disposal of PPE				114	120	120	120	106	382	409	437
Total Revenue (excluding capital transfers and contributions)		19,101	22,746	27,952	32,779	32,779	32,779	18,133	31,405	33,460	36,180

Table 3 Percentage growth of revenue by main revenue source

Description	Current Year 2012/13		2013/14 Medium		2014/15'		2015/16'	
R thousand	Approved Budget	%age Mov	Budget Year 2013/14		Budget Year +1 2014/15	%age Mov	Budget Year +2 2015/16	
Revenue By Source								
Property rates	1 050	63%	1 708	7%	1 828	7%	1 956	
Property rates - penalties & collection charges	0	0%	-	0%	-	0%	-	
Service charges - electricity revenue	0	%	0	0%		0%		
Service charges - water revenue	3 603	-5.2%	3 417	7%	3 657	7%	3 912	
Service charges - sanitation revenue	1 483	-2.6%	1 445	7%	1 546	7%	1 655	
Service charges - refuse revenue	1 978	-3%	1 919	7%	2 053	7%	2 197	
Service charges - other	-	0%	-	0%	0	0%	0	
Rental of facilities and equipment	525	-7.8%	484	7%	518	0%	554	
Interest earned - external investments	112	177%	310	7%	332	7%	355	
Interest earned - outstanding debtors	1 899	-6.9%	1 767	7%	1 891	7%	2 023	
Dividends received		0%	-	0%	0	0%	0	

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Fines	13	-71%	4	7%	4	7%	5
Licenses and Permits	3	-24%	3	6.98%	3	7%	3
Agency Services	154	11%	171	7%	183	7%	196
Transfer recognised – operational	21 799	-9.3%	19 771	6.28%	21 012	8.8%	22 861
Other revenue	38	-40%	22	7%	24	7%	26
Gains on disposal of PPE	120	217%	382	7%	409	8.5	437
Total Revenue (excluding capital transfers and con	32 779	-4.2%	31 405	6.54%	33 460	8.1%	36 180

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. In the 2012/2013 adjusted budget, revenue from rates and services charges totalled R8.1 million. Revenue particularly from property rates has increased by 62.7% from 2012/13 mainly due to the property valuations conducted in terms of Municipal Property Rates Act. The municipality previously lost significant amounts of revenue due to incorrect billing of such properties for rates and taxes. Water revenue has also seen slight decrease of 5.2%, from 2012/2013. The water department plans to reduce water losses from the current levels to about acceptable levels. The process will involve tight monitoring of the water distribution network as well as eliminating failures in water distribution equipment. More water is expected to be tapped from the municipal water plants to ease water deficiencies in various parts of !Kheis Municipal area.

Water is the second largest revenue source totalling 11% contributing R3.4 million of billing revenue and increases to R3.6 million by 2014/15. Other revenue contributes only 10% and consists of various items such as income received from permits and licenses, interest on debtors, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R19.7million in the 2013/14 financial year and steadily declines to R21million by 2014/15. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term. Please note that re-imbursment grants were not included in the table awaiting confirmation from the relevant organs of state.

Table 4 Operating Transfers and Grants Receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		11,103	13,868	15,947	19,152	–	–	19,439	20,680	22,529
Local Government Equitable Share		9,703	11,787	13,707	15,852			16,899	17,946	19,612
Finance Management		850	1,200	1,450	1,500			1,650	1,800	1,950
Municipal Systems Improvement		551	880	790	800			890	934	967
Other transfers/grants [insert description]										
Provincial Government:		219	220	323	347	–	–	332	332	332
Sport and Recreation		219	220	323	347			332	332	332
Cogsta										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total operating expenditure of Transfers and Grants:		11,322	14,088	16,270	19,499	–	–	19,771	21,012	22,861

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Excessive increases are likely to be counterproductive, resulting in higher levels of non- payment.

The percentage increases of Boegoeberg Water Users Assosiation's bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and water tariffs are largely outside the control of the municipality.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe

the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

Should the use or ownership or circumstances used to approve exemption from payment of assessment rates change, such exemptions will immediately lapse from date of change.

1.4.2 Sale of Water and Impact of Tariff Increases

We face significant challenges with water supply, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective-including the cost of maintenance and renewal of purification plants, water networks and cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariff are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in the future to ensure sustainability.

A tariff increase of 7% from 1 July 2013 for water is proposed. This is based on input cost assumptions of 10 % increase in the cost of bulk water. In addition 6kl water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
RESIDENTIAL	Rand per	KL
1-6kl per month	3	3,66
7-15kl per month	5	6,10
16-40kl per month	5	6,10
41-80kl per month	6	7,32
81- 100kl per month	6	7,32
101 – 150kl per month	6	7,32
151-200kl per month	17	20,74
201kl and above	21	25,62
NON-RESIDENTIAL		
Schools and hostels	7	8,54
Abattoir	7	8,54

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

1.4.3 Sanitation and Impact of Tariff Increases

A tariff increase of 7% for sanitation from 1 July 2013 is proposed. This is based on the input cost assumptions related to water. It should be noted that water costs contributes approximately 93 per cent of waste water treatment input costs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent of 6 kl water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R1.4million for the 2013/14 financial year.

At the moment only a basic charge is levied per erven for sanitation services rendered by the municipality.

1.4.4 Waste Removal and Impact of Tariff Increases

A 7 % increase in the waste removal tariff is proposed from 1 July 2013. Any increase higher than 5.6 % would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debts.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 6 Comparison between current waste removal fees and increases

Detail	Tariff 1 July 2012	Tariff 1 July 2013
Sanitation		
Households	64	78.07
Business	80	96.60
Schools	80	96.60
Abattoir	15 652	18 938
Refuse removal		
Households	88	107.34
Business	194	236.64
Garden refuse	92	112.22
Building refuse	184	224.44

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 7 MBRR table SA14- Household bills

NC084 !Kheis - Supporting Table SA14 Household bills

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates		127.50	136.43	144.61	144.61						
Electricity: Basic levy											
Electricity: Consumption		31.20	33.38		35.38						
Water: Basic levy		94.01	100.59	35.38	106.63						
Water: Consumption		46.19	49.42	106.63	52.38						
Sanitation		63.49	67.93	52.38	72.00						
Refuse removal				72.00							
Other											
sub-total		362.39	387.75	411.00	411.00	-	-	(100.0%)	-	-	-
VAT on Services		32.88	35.18	35.18	37.30						
Total large household bill:		395.27	422.93	446.18	448.30	-	-	(100.0%)	-	-	-
% increase/-decrease			7.0%	5.5%	0.5%	(100.0%)	-		-	-	-

<u>Monthly Account for Household - 'Affordable Range'</u> Rates and services charges: Property rates Electricity: Basic levy Electricity: Consumption Water: Basic levy Water: Consumption Sanitation Refuse removal Other sub-total VAT on Services Total small household bill: % increase/-decrease	2										
		8.50	9.10	9.65	9.65						
		31.20	33.38		35.28						
		76.38	81.73	35.28	86.63						
		46.19	49.42	86.63	52.39						
		63.49	67.93	52.39	72.00						
		225.76	241.56	255.95	255.95	-	-	(100.0%)	-	-	-
		30.42	32.54	34.48	34.48						
		256.18	274.10	290.43	290.43	-	-	(100.0%)	-	-	-
			7.0%	6.0%	-	(100.0%)	-		-	-	-
		0.15	-1.00		1.00						
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u> Rates and services charges: Property rates Electricity: Basic levy Electricity: Consumption Water: Basic levy Water: Consumption Sanitation Refuse removal Other sub-total VAT on Services Total small household bill: % increase/-decrease	3										
		31.20	33.38		35.28			#NAME?	32.86	35.16	37.62
		14.63	15.65	35.28	16.59			#NAME?	15.32	16.39	17.54
		46.19	49.42	16.59	52.39			#NAME?	68.48	73.27	78.40
		63.49	67.93	52.39	72.00			#NAME?	94.18	100.77	107.83
		10.00	10.70	72.00	11.34			#NAME?	37.35	39.96	42.76
		165.51	177.08	187.60	187.60	-	-	32.3%	248.19	265.56	284.15
		21.77	23.29	26.52	26.52			#NAME?	34.82	34.82	34.82
		187.28	200.37	214.12	214.12	-	-	32.2%	283.01	300.38	318.97
	7.0%	6.9%	-	(100.0%)	-		-	6.1%	6.2%		

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

The assets renewal strategy and repairs and maintenance plan;

- Balanced budget constraint (operating expenditure should not exceed operating revenue)
- Funding of the budget over medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core service; and
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure)

Table 8 Summary of operating expenditure by standard classification item

NC084 !Kheis - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type	-										
Employee related costs	2	5,831	6,742	8,880	11,742	11,742	11,742	-	14,073	15,036	16,066
Remuneration of councilors		1,267	1,746	1,490	1,770	1,770	1,770	1,490	1,760	1,880	2,005
Debt impairment	3	990	14,925	2,155	3,690	3,690	3,690		5,340	5,629	5,933
Depreciation & asset impairment	2	884	1,164	9,650	-	-	-	-	10,191	10,741	11,321
Finance charges		205	153	220	251	251	251	251	204	193	184
Bulk purchases	2	713	570	732	660	660	660	-	899	948	999
Other materials	8	552	711	718	1,851	1,851	1,851	1,851	843	870	899
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants	4,	1,760	2,017	1,582	2,818	2,818	2,818	-	1,890	1,993	2,102
Other expenditure	5	4,614	5,008	6,438	8,744	8,744	8,744	-	10,369	10,911	11,470
Loss on disposal of PPE											
Total Expenditure		16,817	33,036	31,866	31,526	31,526	31,526	3,592	45,569	48,201	50,979

The budget allocation for employee related costs for the 2013/14 financial year totals R15 million, which equals 34.7% of the total operating expenditure. This represents a 17% increment from prior year as guided by the multi-year Salary and Wage collective Agreement for the period 1 July 2012 to 30 June 2015

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

Provision of debt impairment was determined based on the collection rate which is expected to be high based on the debt collection strategies which management has already started implementing in the fourth quarter of 2012/2013.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R10 million for the 2013/14 financial and equates to 22% of the total operating expenditure. Please note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. i.e Heritage assets, unbundling of infrastructure assets and componentisation of property plant and equipment.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.4% (R 204 thousand) of operating expenditure for 2013/14 and maintains on R 184 thousand, to 2015/16. Bulk purchases are directly informed by the purchase of water from Boegoeberg Water User Association. The annual price increases have been factored into the budget appropriations and directly inform the revenue forecasts. Bulk purchases expenditures inherently include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure.

Contracted services have been identified as a cost saving area for the municipality. The municipality is currently considering ways of avoiding the use of consultants by capacitating internal personnel in areas such as debt collection as well as project management. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. A decrease of 10% from prior year and later maintained for the two outer years, indicating that significant cost savings would have been already realised. Further details relating to contracted services can be seen in Table 49 SA1.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality.

During the compilation of the 2013/2014 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the municipality's infrastructure and historic deferred maintenance. The total allocation for 2013/14 equates to R2.3 million, a growth of 26% in relation to the Approved Budget and continues to grow at 7% over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 5.1%.

Table 10 Repairs and maintenance per asset class

[illegible]

Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		508	551	666	516	-	-	1,161	1,223	1,289
General vehicles		404	312	188	153			407	429	453
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment								462	487	513
Computers - hardware/equipment										
Furniture and other office equipment		21	61	9				250	264	278
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		28	4	16	250			25	26	28
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		55	174	453	113			16	17	18
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	512	551	810	1,851	-	-	2,343	2,451	2,566

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigents Policy. The target is to register more indigent households during the 2013/14 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service measurement is contained in Table 24 MBRR A10 (Basic Service Delivery Measurements) .

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2013/14 Medium-term capital budget per vote

Vote Description R thousand	R e f	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
Multi-year expenditure to be appropriated											
Vote 1 - Executive & Council	2	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		-	-	-	-	-	-	-	-	10,834	10,682
Vote 3 - Community Services		-	-	-	-	-	-	-	7,189	-	-
Vote 4 - Waste Water Management		-	-	-	-	-	-	-	7,344	-	-
Vote 5 - Water		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	14,533	10,834	10,682
Single-year expenditure to be appropriated											
Vote 1 - Executive & Council	2	-	5	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		436	2,562	3,027	-	-	-	-	-	-	-
Vote 3 - Community Services		1,200	-	2,482	10,739	-	-	-	-	-	-
Vote 4 - Waste Water Management		554	595	8,169	6,796	-	-	-	-	-	-
Vote 5 - Water		4,663	6,392	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		6,853	9,554	13,679	17,535	-	-	-	-	-	-
Total Capital Expenditure - Vote		6,853	9,554	13,679	17,535	-	-	-	14,533	10,834	10,682
Capital Expenditure - Standard											
Governance and administration		436	2,566	3,027	-	-	-	-	-	10,834	10,682
Executive and council			5								
Budget and treasury office		436	2,562	3,027						10,834	10,682
Corporate services											
Community and public safety		1,200	-	2,482	10,739	-	-	-	7,189	-	-
Community and social services					10,739				6,824		
Sport and recreation		1,200		2,482					365		
Public safety											
Housing											
Health											
Economic and environmental services		-	-	-	-	-	-	-	-	-	-
Planning and development											
Road transport											
Environmental protection											
Trading services		5,217	6,987	8,169	6,796	-	-	-	7,344	-	-

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Electricity											
Water		4,663	6,392								
Waste water management		554	595	8,169	6,796				7,344		
Waste management											
Other											
Total Capital Expenditure – Standard	3	6,853	9,554	13,679	17,535	–	–	–	14,533	10,834	10,682
Funded by:											
National Government		6,389	9,554	13,679	14,870				14,168	10,834	10,682
Provincial Government					2,300				365		
District Municipality											
Other transfers and grants		464			365						
Transfers recognised – capital	4	6,853	9,554	13,679	17,535	–	–	–	14,533	10,834	10,682
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	6,853	9,554	13,679	17,535	–	–	–	14,533	10,834	10,682

For 2013/14 an amount of R14.5 million has been appropriated for the development of infrastructure which represents 99% of the total capital budget. In the outer years this amount totals R10.8 million and R10.6million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 23 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Development of UDS toilets (All towns) - R 7.3 million
- Development of sport facilities (Brandboom) - R 365 thousand
- Upgrading of internal streets (Brandboom) - R 5.8 thousand
- EPWP - R 1 million

1.7 Drafted Annual Budget Tables (A1 – A10)

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF to be considered for approval by council. Each table is accompanied by explanatory notes.

Table 12 MBRR Table A1- Budget Summary

NC084 !Kheis - Table A1 Consolidated Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands										
<u>Financial Performance</u>										
Property rates	978	595	1 129	1 050	1 050	1 050	–	1 708	1 828	1 956
Service charges	6 233	5 988	6 752	7 064	7 064	7 064	–	6 781	7 256	7 764
Investment revenue	95	161	305	112	112	112	65	310	332	355
Transfers recognised - operational	11 086	14 517	17 395	21 799	21 799	21 799	15 622	19 771	21 012	22 861
Other own revenue	709	1 486	2 372	2 753	2 753	2 753	2 446	2 834	3 032	3 245
	19 101	22 746	27 952	32 779	32 779	32 779	18 133	31 405	33 460	36 180
Total Revenue (excluding capital transfers and contributions)										
Employee costs	5 831	6 742	8 880	11 742	11 742	11 742	–	14 073	15 036	16 066
Remuneration of councillors	1 267	1 746	1 490	1 770	1 770	1 770	1 490	1 760	1 880	2 005
Depreciation & asset impairment	884	1 164	9 650	–	–	–	–	10 191	10 741	11 321
Finance charges	205	153	220	251	251	251	251	204	193	184
Materials and bulk purchases	1 265	1 281	1 450	2 511	2 511	2 511	1 851	1 742	1 818	1 898
Transfers and grants	1 760	2 017	1 582	2 818	2 818	2 818	–	1 890	1 993	2 102
Other expenditure	5 604	19 933	8 593	12 434	12 434	12 434	–	15 710	16 539	17 403
Total Expenditure	16 817	33 036	31 866	31 526	31 526	31 526	3 592	45 569	48 201	50 979
Surplus/(Deficit)	2 283	290 ⁽¹⁰⁾	(3 914)	1 252	1 252	1 252	14 541	(14 164)	(14 741)	(14 798)
Transfers recognised - capital	5 798	7 346	12 098	13 870	13 870	13 870	13 870	14 168	10 834	10 682
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
	8 082	(2 944)	8 184	15 122	15 122	15 122	28 411	4	(3 907)	(4 116)
Surplus/(Deficit) after capital transfers & contributions										
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	8 082	(2 944)	8 184	15 122	15 122	15 122	28 411	4	(3 907)	(4 116)
<u>Capital expenditure & funds sources</u>										
Capital expenditure	6 853	9 554	13 679	17 535	–	–	–	14 533	10 834	10 682
Transfers recognised - capital	6 853	9 554	13 679	17 535	–	–	–	14 533	10 834	10 682
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–	–
Total sources of capital funds	6 853	9 554	13 679	17 535	–	–	–	14 533	10 834	10 682
<u>Financial position</u>										
Total current assets	18 292	4 538	8 763	21 626	–	–	–	25 380	27 245	29 249
Total non current assets	50 193	58 768	136 727	70 564	–	–	–	76 278	81 570	87 233
Total current liabilities	9 535	6 406	8 697	6 086	–	–	–	7 048	7 408	7 798
Total non current liabilities	2 576	4 569	3 698	3 237	–	–	–	3 059	2 891	2 732
Community wealth/Equity	55 823	52 331	133 096	83 408	–	–	–	91 551	98 516	105 953
<u>Cash flows</u>										
Net cash from (used) operating	8 875	11 175	14 263	15 122	15 122	20 624	–	12 786	11 151	12 299
Net cash from (used) investing	(6 858)	(9 417)	(13 609)	(8 150)	(13 870)	(16 845)	(13 870)	(13 786)	(10 425)	(10 245)

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Net cash from (used) financing	(586)	(875)	(871)	728	–	(514)	–	(513)	(512)	(511)
Cash/cash equivalents at the year end	534	1 417	1 199	8 899	10 152	13 417	(4 971)	2 952	3 166	4 708
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	1 750	2 087	1 873	109	–	–	–	3 619	3 914	4 238
Application of cash and investments	(19 873)	3 854	3 881	(16 491)	–	–	–	(2 826)	(4 438)	(5 977)
Balance - surplus (shortfall)	21 623	(1 768)	(2 008)	16 600	–	–	–	6 445	8 352	10 215
<u>Asset management</u>										
Asset register summary (WDV)	–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment	884	1 164	9 650	–	–	–	10 191	10 191	10 741	11 321
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	512	551	810	1 851	–	–	842	842	870	900
<u>Free services</u>										
Cost of Free Basic Services provided	0	0	0	0	–	–	0	0	0	0
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<u>Households below minimum service level</u>										
Water:	1	1	1	1	–	–	0	0	0	0
Sanitation/sewerage:	1	1	1	1	–	–	–	–	–	–
Energy:	2	2	2	2	–	–	–	–	–	–
Refuse:	2	2	2	2	–	–	0	0	0	0

Explanatory notes to MBRR Table A1-Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspective (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts to be considered for approval by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

- a. The operating surplus/deficit (after Total Expenditure) is positive over MTREF
- b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, indicates that the necessary cash resources are available to fund the Capital Budget

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections

highlighted. Over the MTREF there is progressive improvement in the level of cash-backing of obligations.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of service to the poor. The section of Free Service shows that the amount spent on Free Basic Service and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2- Budgeted Financial Performance (revenue and expenditure by standard classification)

NC084 !Kheis - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Revenue - Standard</u>										
<i>Governance and administration</i>		18 152	22 478	30 157	36 782	-	-	36 187	34 274	36 165
Executive and council		9 703	-	-	33 022	-	-	-	-	-
Budget and treasury office		7 471	21 883	29 028	2 710	-	-	34 478	32 446	34 209
Corporate services		978	595	1 129	1 050	-	-	1 708	1 828	1 956
<i>Community and public safety</i>		397	716	1 311	874	-	-	819	853	889
Community and social services		397	716	1 311	874	-	-	819	853	889
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		118	(321)	210	168	-	-	175	188	201
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		118	(321)	210	168	-	-	175	188	201
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		6 233	7 219	8 372	8 825	-	-	8 392	8 980	9 608
Electricity		-	-	-	-	-	-	-	-	-
Water		3 349	3 905	4 477	4 629	-	-	4 216	4 511	4 826
Waste water management		1 304	3 315	2 046	1 851	-	-	2 258	2 416	2 585
Waste management		1 580	-	1 849	2 345	-	-	1 919	2 053	2 197
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	24 899	30 092	40 050	46 649	-	-	45 573	44 294	46 863
<u>Expenditure - Standard</u>	-									
<i>Governance and administration</i>		11 660	27 346	25 345	24 843	-	-	32 399	34 255	36 219
Executive and council		1 864	1 746	5 569	2 313	-	-	7 149	7 539	7 949
Budget and treasury office		9 795	25 600	19 777	20 375	-	-	25 250	26 716	28 269
Corporate services		-	-	-	2 155	-	-	-	-	-
<i>Community and public safety</i>		413	-	-	847	-	-	3 509	3 712	3 927
Community and social services		413	-	-	847	-	-	3 509	3 712	3 927
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	250	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	250	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		4 745	5 690	6 521	5 587	-	-	9 661	10 234	10 833
Electricity		-	-	-	-	-	-	-	-	-
Water		2 342	3 143	3 752	3 709	-	-	5 803	6 143	6 500
Waste water management		2 403	2 548	2 769	1 878	-	-	3 859	4 091	4 333
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	16 817	33 036	31 866	31 526	-	-	45 569	48 201	50 979
Surplus/(Deficit) for the year		8 082	(2 944)	8 184	15 122	-	-	4	(3 907)	(4 116)

Explanatory notes to MBRR A2- Budget Financial Performance (revenue and expenditure by standard by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised-capital) and so does not balance to the operating revenue on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 14 MBRR Table A3- Budget Financial Performance (revenue and expenditure by municipal vote)

NC084 !Kheis - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Revenue by Vote	1									
Vote 1 - Executive & Council		9 703	–	–	33 022	–	–	–	–	–
Vote 2 - Finance & Administration		8 654	22 873	30 878	4 800	–	–	36 178	35 312	37 252
Vote 3 - Community Services		131	–	800	1	–	–	1 003	3	3
Vote 4 - Waste Water Management		2 924	3 315	3 895	4 196	–	–	4 176	4 469	4 781
Vote 5 - Water		3 487	3 905	4 477	4 629	–	–	4 216	4 511	4 826
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	24 899	30 092	40 050	46 649	–	–	45 573	44 294	46 863
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		1 864	1 746	5 569	3 901	–	–	7 149	7 539	7 949
Vote 2 - Finance & Administration		9 795	24 050	16 856	18 739	–	–	25 250	26 716	28 269
Vote 3 - Community Services		413	1 550	2 920	3 456	–	–	3 509	3 712	3 927
Vote 4 - Waste Water Management		2 403	2 548	2 769	1 721	–	–	3 859	4 091	4 333
Vote 5 - Water		2 342	3 143	3 752	3 709	–	–	5 803	6 143	6 500
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	16 817	33 036	31 866	31 526	–	–	45 569	48 201	50 979
Surplus/(Deficit) for the year	2	8 082	(2 944)	8 184	15 122	–	–	4	(3 907)	(4 116)

Explanatory notes to MBRR Table A3- Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality.

Table 15 MBRR A4- Budgeted Financial Performance (revenue and expenditure)

NC084 !Kheis - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Revenue By Source											
Property rates	2	978	595	1 129	1 050	1 050	1 050	–	1 708	1 828	1 956
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	3 349	3 009	3 514	3 603	3 603	3 603	–	3 417	3 657	3 912
Service charges - sanitation revenue	2	1 304	1 267	1 389	1 483	1 483	1 483	–	1 445	1 546	1 655
Service charges - refuse revenue	2	1 580	1 712	1 849	1 978	1 978	1 978	–	1 919	2 053	2 197
Service charges - other											
Rental of facilities and equipment		397	496	188	525	525	525	490	484	518	554
Interest earned - external investments		95	161	305	112	112	112	65	310	332	355
Interest earned - outstanding debtors		155	775	1 684	1 899	1 899	1 899	1 684	1 767	1 891	2 023
Dividends received		–	–	–							
Fines		10	–	–	13	13	13	10	4	4	5
Licences and permits		118	–	–	3	3	3	1	3	3	3
Agency services		–	(321)	210	154	154	154	155	171	183	196
Transfers recognised - operational		11 086	14 517	17 395	21 799	21 799	21 799	15 622	19 771	21 012	22 861
Other revenue	2	30	536	176	38	38	38	–	22	24	26
Gains on disposal of PPE				114	120	120	120	106	382	409	437
Total Revenue (excluding capital transfers and contributions)		19 101	22 746	27 952	32 779	32 779	32 779	18 133	31 405	33 460	36 180
Expenditure By Type											
Employee related costs	2	5 831	6 742	8 880	11 742	11 742	11 742	–	14 073	15 036	16 066
Remuneration of councillors		1 267	1 746	1 490	1 770	1 770	1 770	1 490	1 760	1 880	2 005
Debt impairment	3	990	14 925	2 155	3 690	3 690	3 690		5 340	5 629	5 933
Depreciation & asset impairment	2	884	1 164	9 650	–	–	–	–	10 191	10 741	11 321
Finance charges		205	153	220	251	251	251	251	204	193	184
Bulk purchases	2	713	570	732	660	660	660	–	899	948	999
Other materials	8	552	711	718	1 851	1 851	1 851	1 851	843	870	899
Contracted services		–	–	–	–	–	–	–	–	–	–
Transfers and grants		1 760	2 017	1 582	2 818	2 818	2 818	–	1 890	1 993	2 102
Other expenditure	4, 5	4 614	5 008	6 438	8 744	8 744	8 744	–	10 369	10 911	11 470
Loss on disposal of PPE											
Total Expenditure		16 817	33 036	31 866	31 526	31 526	31 526	3 592	45 569	48 201	50 979
Surplus/(Deficit)		2 283	(10 290)	(3 914)	1 252	1 252	1 252	14 541	(14 164)	(14 741)	(14 798)
Transfers recognised - capital		5 798	7 346	12 098	13 870	13 870	13 870	13 870	14 168	10 834	10 682
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
		8 082	(2 944)	8 184	15 122	15 122	15 122	28 411	4	(3 907)	(4 116)
Surplus/(Deficit) after capital transfers & contributions											
Taxation											
Surplus/(Deficit) after taxation		8 082	(2 944)	8 184	15 122	15 122	15 122	28 411	4	(3 907)	(4 116)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		8 082	(2 944)	8 184	15 122	15 122	15 122	28 411	4	(3 907)	(4 116)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		8 082	(2 944)	8 184	15 122	15 122	15 122	28 411	4	(3 907)	(4 116)

Explanatory notes to Table A4 – Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R31.4 million in 2013/14 and escalates to R33.4 million by 2014/15. This represents a year-on-year increase of 6.5% for the 2013/14 financial year and 8.1 % for the 2014/15 financial year.
2. Revenue to be generated from property rates is R1.7 million in the 2013/14 financial year and increases to R1.82 million by 2014/15 which represents 7% of the operating revenue base off the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term.
3. Services charges relating to water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R6.7 million for the 2013/14 financial year and increasing to R7.2million by 2014/15. For the 2013/14 financial year services charges amount to 21% of the total revenue base and grows by 21.6% per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.
4. Transfers recognised- operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government will increase over the MTREF by 6.28% and 8.8% per cent for the two outer years.
5. Bulk purchases inconsistencies have been mainly caused by water distribution losses which can go as high as 60% in certain instances hence the need to priorities on repairs and maintenance of infrastructure.
6. Employee related costs and bulk purchases are main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 Budgeted Capital Expenditure by vote, standard classification and funding source

NC084 !Kheis - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		-	-	-	-	-	-	-	-	10 834	10 682
Vote 3 - Community Services		-	-	-	-	-	-	-	7 189	-	-
Vote 4 - Waste Water Management		-	-	-	-	-	-	-	7 344	-	-
Vote 5 - Water		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	14 533	10 834	10 682
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	5	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		436	2 562	3 027	-	-	-	-	-	-	-
Vote 3 - Community Services		1 200	-	2 482	10 739	-	-	-	-	-	-
Vote 4 - Waste Water Management		554	595	8 169	6 796	-	-	-	-	-	-
Vote 5 - Water		4 663	6 392	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		6 853	9 554	13 679	17 535	-	-	-	-	-	-
Total Capital Expenditure - Vote		6 853	9 554	13 679	17 535	-	-	-	14 533	10 834	10 682
Capital Expenditure - Standard											
Governance and administration		436	2 566	3 027	-	-	-	-	-	10 834	10 682
Executive and council			5								
Budget and treasury office		436	2 562	3 027						10 834	10 682
Corporate services											
Community and public safety		1 200	-	2 482	10 739	-	-	-	7 189	-	-
Community and social services					10 739				6 824		
Sport and recreation		1 200		2 482					365		
Public safety											
Housing											
Health											
Economic and environmental services		-	-	-	-	-	-	-	-	-	-
Planning and development											
Road transport											
Environmental protection											
Trading services		5 217	6 987	8 169	6 796	-	-	-	7 344	-	-
Water		4 663	6 392								
Waste water management		554	595	8 169	6 796				7 344		
Waste management											
Other											
Total Capital Expenditure - Standard	3	6 853	9 554	13 679	17 535	-	-	-	14 533	10 834	10 682
Funded by:											
National Government		6 389	9 554	13 679	14 870				14 168	10 834	10 682
Provincial Government					2 300				365		
District Municipality											
Other transfers and grants		464			365						
Transfers recognised - capital	4	6 853	9 554	13 679	17 535	-	-	-	14 533	10 834	10 682
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	6 853	9 554	13 679	17 535	-	-	-	14 533	10 834	10 682

Explanatory notes to Table A5- Budgeted Capital Expenditure by vote, standard classification and funding sources

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi- year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
3. The capital programme is funded from national grants and transfers, public contributions and donations, and internally generated funds from current year surpluses. For 2013/14, capital transfers totals R14.5 million. No borrowing is intended to finance any of the capital budgets during the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding)

Table 17 MBRR Table A6- Budgeted Financial Position

NC084 !Kheis - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS											
Current assets											
Cash		1 086	1 418	1 200					2 946	3 241	3 565
Call investment deposits	1	665	669	673	660	-	-	-	-	-	-
Consumer debtors	1	14 548	131	3 300	20 966	-	-	-	22 434	24 004	25 685
Other debtors		1 994	2 311	3 552							
Current portion of long-term receivables											
Inventory	2		9	38							
Total current assets		18 292	4 538	8 763	21 626	-	-	-	25 380	27 245	29 249
Non current assets											
Long-term receivables											
Investments									673	673	673
Investment property											
Investment in Associate											
Property, plant and equipment	3	50 193	58 768	136 727	70 564	-	-	-	75 605	80 897	86 560
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		50 193	58 768	136 727	70 564	-	-	-	76 278	81 570	87 233
TOTAL ASSETS		68 485	63 306	145 490	92 190	-	-	-	101 658	108 815	116 482
LIABILITIES											
Current liabilities											
Bank overdraft	1				551						
Borrowing	4	451	315	315	149	-	-	-	315	315	315
Consumer deposits		49	53	59					10		
Trade and other payables	4	8 387	5 257	7 445	5 387	-	-	-	6 723	7 093	7 483
Provisions		648	780	878							
Total current liabilities		9 535	6 406	8 697	6 086	-	-	-	7 048	7 408	7 798
Non current liabilities											
Borrowing		2 576	4 569	3 698	3 237	-	-	-	3 059	2 891	2 732
Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		2 576	4 569	3 698	3 237	-	-	-	3 059	2 891	2 732
TOTAL LIABILITIES		12 111	10 974	12 395	9 324	-	-	-	10 107	10 299	10 530
NET ASSETS	5	56 374	52 331	133 096	82 867	-	-	-	91 551	98 516	105 953
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		55 823	52 331	133 096	83 408				91 551	98 516	105 953
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	55 823	52 331	133 096	83 408	-	-	-	91 551	98 516	105 953

Explanatory notes to Table A6- Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councillor and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 47 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits
 - Consumer debtors
 - Property, plant and equipment
 - Trade and other payables
 - Provisions non-current
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community
5. Any movement on the Budgeted Financial Performance or Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7- Budgeted Cash Flow Statement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		12 448	4 637	5 273	11 215	11 215	4 266		4 657	5 624	6 565
Government - operating	1	11 086	23 582	27 745	21 452	21 452	17 636		19 771	21 012	22 861
Government - capital	1	5 798			13 870	13 870	17 170		14 168	10 834	10 682
Interest		95	161	1 907	112	112	289		1 194	1 372	1 569
Dividends											
Payments											
Suppliers and employees		(18 586)	(15 035)	(18 860)	(31 275)	(31 275)	(18 533)		(26 801)	(27 498)	(29 195)
Finance charges		(205)	(153)	(220)	(251)	(251)	(204)		(204)	(193)	(184)
Transfers and Grants	1	(1 760)	(2 017)	(1 582)							
NET CASH FROM/(USED) OPERATING ACTIVITIES		8 875	11 175	14 263	15 122	15 122	20 624	-	12 786	11 151	12 299
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			141	69	120		325		382	409	437
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments		(5)	(4)		5 600				-	-	-
Payments											
Capital assets		(6 853)	(9 554)	(13 679)	(13 870)	(13 870)	(17 170)	(13 870)	(14 168)	(10 834)	(10 682)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(6 858)	(9 417)	(13 609)	(8 150)	(13 870)	(16 845)	(13 870)	(13 786)	(10 425)	(10 245)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing			(708)	(459)							
Increase (decrease) in consumer deposits							6		7	8	9
Payments											
Repayment of borrowing		(586)	(167)	(413)	728		(520)		(520)	(520)	(520)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(586)	(875)	(871)	728	-	(514)	-	(513)	(512)	(511)
NET INCREASE/ (DECREASE) IN CASH HELD		1 431	883	(218)	7 700	1 252	3 265	(13 870)	(1 513)	214	1 543
Cash/cash equivalents at the year begin:	2	(897)	534	1 417	1 199	8 899	10 152	8 899	4 465	2 952	3 166
Cash/cash equivalents at the year end:	2	534	1 417	1 199	8 899	10 152	13 417	(4 971)	2 952	3 166	4 708

Explanatory notes to Table A7- Budget Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2013/2014 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table 19 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

NC084 !Kheis - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	534	1 417	1 199	8 899	10 152	13 417	(4 971)	2 952	3 166	4 708
Other current investments > 90 days		1 216	669	673	(8 790)	(10 152)	(13 417)	4 971	(6)	75	(1 144)
Non current assets - Investments	1	–	–	–	–	–	–	–	673	673	673
Cash and investments available:		1 750	2 087	1 873	109	–	–	–	3 619	3 914	4 238
Application of cash and investments											
Unspent conditional transfers		2 040	1 720	1 079	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(21 913)	2 134	2 803	(16 491)	–	–	–	(2 826)	(4 438)	(5 977)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(19 873)	3 854	3 881	(16 491)	–	–	–	(2 826)	(4 438)	(5 977)
Surplus(shortfall)		21 623	(1 768)	(2 008)	16 600	–	–	–	6 445	8 352	10 215

Explanatory notes to Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.

Table 20 MBRR Table A9 – Asset Management

NC084 !Kheis - Table A9 Consolidated Asset Management

[illegible]

Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		-	-	-	-	-	-	-	-	-
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	-	-	-	-	-	-
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		884	1 164	9 650	-	-	-	10 191	10 741	11 321
<u>Repairs and Maintenance by Asset Class</u>		512	551	810	1 851	-	-	842	870	900
Infrastructure - Road transport		5	-	-	250	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	250	-	-	-	-	-
Infrastructure - Sanitation		-	1	1	270	-	-	-	-	-
Infrastructure - Other		-	-	-	50	-	-	-	-	-
Infrastructure		5	1	1	820	-	-	-	-	-
Community		-	-	144	515	-	-	332	332	332
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	508	551	666	516	-	-	510	538	568
TOTAL EXPENDITURE OTHER ITEMS		1 397	1 715	10 460	1 851	-	-	11 033	11 611	12 221
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		1.0%	0.9%	0.6%	2.6%	0.0%	0.0%	1.1%	1.1%	1.0%
<i>Renewal and R&M as a % of PPE</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Explanatory notes to Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table 21 MBRR Table A10 – Basic Service Delivery Measurement

NC084 !Kheis - Table A10 Consolidated basic service delivery measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Water:										
Piped water inside dwelling		1	1	1	1					
Piped water inside yard (but not in dwelling)		2	2	2	2			2	2	2
Using public tap (at least min.service level)	2	1	1	1	1			0	0	0
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		3 251	3 251	3 251	3 251	–	–	1 781	1 781	1 781
Using public tap (< min.service level)	3	0	0	0	0					
Other water supply (< min.service level)	4	0	0	0	0			0	0	0
No water supply										
<i>Below Minimum Service Level sub-total</i>		633	633	633	633	–	–	40	40	40
Total number of households	5	3 884	3 884	3 884	3 884	–	–	1 821	1 821	1 821
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		1	1	1	1			1	1	1
Flush toilet (with septic tank)		1	1	1	1			1	1	1
Chemical toilet		0	0	0	0			1	1	1
Pit toilet (ventilated)		1	1	1	1			0	0	0
Other toilet provisions (> min.service level)		0	0	0	0			–	–	–
<i>Minimum Service Level and Above sub-total</i>		2 588	2 588	2 588	2 588	–	–	3 147	3 147	3 147
Bucket toilet		0	0	0	0			–	–	–
Other toilet provisions (< min.service level)										
No toilet provisions		1	1	1	1			–	–	–
<i>Below Minimum Service Level sub-total</i>		1 295	1 295	1 295	1 295	–	–	–	–	–
Total number of households	5	3 883	3 883	3 883	3 883	–	–	3 147	3 147	3 147
Energy:										
Electricity (at least min.service level)		2	2	2	2			2	2	2
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		2 377	2 377	2 377	2 377	–	–	2 035	2 035	2 035
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)		2	2	2	2			–	–	–
Other energy sources								–	–	–
<i>Below Minimum Service Level sub-total</i>		1 509	1 509	1 509	1 509	–	–	–	–	–
Total number of households	5	3 886	3 886	3 886	3 886	–	–	2 035	2 035	2 035
Refuse:										
Removed at least once a week		2	2	2	2			2	2	2
<i>Minimum Service Level and Above sub-total</i>		1 749	1 749	1 749	1 749	–	–	2 388	2 388	2 388
Removed less frequently than once a week		0	0	0	0			–	–	–
Using communal refuse dump		0	0	0	0			0	0	0
Using own refuse dump		2	2	2	2			–	–	–
Other rubbish disposal										
No rubbish disposal		0	0	0	0			–	–	–
<i>Below Minimum Service Level sub-total</i>		2 137	2 137	2 137	2 137	–	–	5	5	5
Total number of households	5	3 886	3 886	3 886	3 886	–	–	2 393	2 393	2 393
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		1	1	1	1			2	2	2
Sanitation (free minimum level service)		1	1	1	1			2	2	2

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Electricity/other energy (50kwh per household per month)		1	1	1	1			2	2	2
Refuse (removed at least once a week)		1	1	1	1			2	2	2
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		0	0	0	0			0	0	0
Sanitation (free sanitation service)		0	0	0	0			0	0	0
Electricity/other energy (50kwh per household per month)		0	0	0	0			0	0	0
Refuse (removed once a week)		0	0	0	0			0	0	0
Total cost of FBS provided (minimum social package)		0	0	0	0	-	-	0	0	0
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)										
Water										
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	-	-	-	-	-	-	-	-	-

Explanatory notes to Table A10 – Basic Services Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for more households to be registered as indigent in 2013/14, and therefore entitled to receiving Free Basic Services.
3. It is anticipated that these Free Basic Services will cost the municipality R1.89 million in 2013/14, increasing to R1.9million in 2014/15. This is covered by the municipality's equitable share allocation from national government.

Part 2 – SUPPORTING DOCUMENTATION

2.1 Overview of the annual budget process

In terms of Section 30 of the Municipal Systems Act no 32 of 2000, the *Mayor of a municipality must in accordance with S 29 –*

“(c) Submit the draft plan to the municipal council for adoption by the council, further

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality chaired by the Municipal Manager.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the municipality’s IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- That the municipality’s revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2012. Key dates applicable to the process were:

MONTH	TARGET DATE	PHASE	ACTIVITY	PROGRESS
August	31/08/2012	Preparation of time schedule	Table in council the time schedule for adoption	Adopted by council on 09/07/2012.
Sept - Oct	18/09/2012	Preparation - Analysis	Discussion of process plan in Steering committee meeting Assessment of implementation of IDP projects. Identify shortcomings	Jansen
Oct - Dec	17/10/2012	Participation	Gariep Community identification of priority issues and feedback on the past year's performance	
Oct - Dec	08/10/2012	Participation	Grootdrink Community Identification of priority issues and feedback on the past year's performance	
Oct - Dec	09/10/2012	Participation	Topline Community Identification of priority issues and feedback on the past year's performance	
Oct - Dec	10/10/2012	Participation	Wegdraai Community Identification of priority issues and feedback on the past year's performance	
Oct - Dec	11/10/2012	Participation	Grobblershoop Community Identification of priority issues and feedback on the past year's performance	
Oct - Dec	14/10/2012	Participation	Opwag Community Identification of priority issues and feedback on the past year's performance	
Oct - Dec	15/10/2012	Participation	Sternham Community Identification of priority issues and feedback on the past year's performance	
Oct - Dec	16/10/2012	Participation	Boegoeberg Community Identification of priority issues and feedback on the past year's performance	
Oct - Dec	20/11/2012	Consultation	IDP Rep Forum meeting to discuss planned projects	
January	Dec - Jan	Drafting	Preparing of draft IDP	19/03/2013
Jan - Jun	12/02/2013	Presentation	Present draft to district IDP	

		and consultation	Rep Forum for comments. TOR	
Jan - Jun	25/02/2013	Advertising	Advertise draft for comments	
Jan - Jun	14/03/2013	Consultation	IDP & Budget Rep Forum comments./TOR	
Jan - Jun	20/03/2013	Consultation	IDP & Budget Steering Committee	
Jan - Jun	29/03/2013	Table draft for approval	Table final draft in Council for adoption	
Jan - Jun	15/04/2013	Consultation and Participation	Opwag Community	
Jan - Jun	16/04/2013	Consultation and Participation	Boegoeberg Community	
Jan - Jun	17/04/2013	Consultation and Participation	Sternham Community	
Jan - Jun	18/04/2013	Consultation and Participation	Grobblershoop Community	
Jan - Jun	22/04/2013	Consultation and Participation	Wegdraai Community	
Jan - Jun	23/04/2013	Consultation and Participation	Topline Community	
Jan - Jun	25/04/2013	Consultation and Participation	Grootdrink Community	
Jan - Jun	14/05/2013	Consultation	IDP & Budget Steering Committee	
Jan - Jun	22/05/2013	Consultation and Preparation	IDP & Budget Steering Committee Meeting	
Jan - Jun	31/05/2013	Tabling in council	Table final IDP & Budget in Council for approval	
Jan - Jun	03/06/2013	Submission	Submit copies of approved IDP & Budget to the MEC COGHSTA, Provincial Sector Departments and other stakeholders	
Jan - Jun	10/06/2013	Advertise	Approved IDP & Budget on the Website of the Municipality	

IDP and Budget Process

Due to the political instability meetings could not been convened.

Political and management oversight of the budget compilation process and more specifically.

IDP Representative Forum – This forum represents all stakeholders and is inclusive as possible. Efforts will be made to bring additional organizations into the IDP RF and ensure their continued participation throughout the progress.

IDP and Budget Steering Committee – Oversee the alignment of the planning process with the district framework.

Determination of priorities/projects

Through public participation needs and priorities are identified.

Newspapers will inform the community of the progress of the IDP

The website will also be utilized to communities and inform the community. Copies of the IDP and the Budget will be placed on the website for people and service providers to download.

Alignment of municipal priorities with National, Provincial and sector priorities.

The municipality used the conditional grants as published in the 2013 Division of Revenue bill and the 2013 Northern Cape appropriation bill for the Financial Performance budget and the Financial Capital budget.

Projects identified and priorities in the 2013/14 reviewed IDP were budgeted for in the capital budget.

The following projects were approved to be funded out of MIG

- Development of UDS toilets in all towns R 7 344 429.58
- Upgrading of internal streets in Brandboom R 5 823 570.42
- An amount of R 365 000 is carried over from previous years which represent a donation from the National Lottery to build a Sport field in Brandboom. Problems are experienced to identify suitable location to develop the sport field.
- No business plan was approved yet for the allocation of R 1 million from EPWP as gazetted in the division of revenue bill.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the second review of the IDP as adopted by the new Council that was elected in May 2011. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in August.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and Deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/2013 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2012/2013 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

The Draft Service Delivery and Budget Implementation Plan (SDBIP) with Draft Performance Agreements will be submitted to the Mayor after the approval of the Draft IDP and Budget; and the final SDBIP will be tabled to Council for approval with the Performance Agreements on the 28 May 2013 with the final IDP and Budget.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2012/2013 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 has been taken into consideration in the planning and prioritisation process.

2.2 Overview of alignment of annual budget with IDP

The constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;

- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategies (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

Priority Issues	Objectives	Strategies
Lack of a well organized and effective systems and implemented policies and plans to manage and serve the whole Municipal Area	To improve the capacity within the Municipality as well as to establish effective systems for management and rendering of sustainable services to the Community of !Kheis Municipality, by Decemberr 2014.	The restructuring of the human resources at the Municipality, including staff training and appointment of additional staff Upgrading of the Administrative and Financial systems, including training on how to use these systems Compilation of necessary strategic plans and policies to guide management and operations
2. Lack of proper and sufficient water provision	To provide access for all the resident of !Kheis Municipality, to clean drinking water, according to RDP standards, by December 2013.	Provision of bulk, Provision of external water supply Upgrading of existing water networks and sanitation systems
3. Lack of proper and sufficient accommodation/ housing	To provide 500 plots to communities within the whole !Kheis Municipal Area by September 2013 Provide 76 houses to communities like Grootdrink, Topline, Wegdraai, Boegoeberg and Sternham by June 2014	Provision of basic serviced sites Provision of low-cost housing Provision of alternative housing schemes
4. Lack of good quality roads infrastructure, including storm water systems as well as efficient transport system	To improve road infrastructure in the whole municipal area on an annual basis, in order to make communities more accessible to all residents, as well as to make public transport more efficient.	Development of storm water systems Upgrading of roads and streets infrastructure Development of new roads and streets Maintenance of existing roads and streets infrastructure
5. Lack of proper and sufficient sanitation and sewerage systems to all residents	To provide access for all the resident of !Kheis Municipality, to sanitation and sewerage systems, according to RDP standards, by June 2014 To legalise all existing landfill sites in !Kheis Municipality by December 2014 To development an additional landfill site in !Kheis Municipality according to the demand	Provision of sanitation up to the minimum NTOD standard Upgrading of current sewerage systems
6. Low levels of skilled people as well as high levels of poverty and unemployment	To create an environment in which to empower the Community through capacity building and skills development, as well as for economic growth relating to the agricultural, mining and tourism sector, in order to reduce unemployment and poverty with at least 5%, by June 2016	Capacity Building of small and emerging farmers Capacity building of youth Skills Development programmes Provision of necessary agricultural infrastructure and improved livestock production Possible establishment of agri-industries to add value to agricultural products Determining possibilities of mining in the area Development, integration and management of the tourism industry
7. Lack of quality health and emergency services and facilities	To provide access to good quality health and emergency services for all the residents of !Kheis Municipality, by June 2015.	Upgrading and improvement of health facilities and emergency services Provision of new services Equipping / capacity building of health personnel
8. Lack of sufficient cemeteries.	To provide proper cemetery facilities in all wards of !Kheis Municipality by June 2015.	Upgrading of existing cemeteries Development of new cemeteries
9. Proper planning and development of Opwag	The township establishment of Opwag by June 2015, in order to plan and develop the towns to their full potential.	Township Establishment of Opwag
10. Lack of sport and recreation facilities	To provide access to good quality Sport and Recreation facilities for all the youth and the rest of the community of !Kheis Municipality, by 2015.	Upgrading of existing sport and recreation facilities Provision of new sport and recreation facilities
11. Lack of sufficient and effective telecommunication systems	To Provide sufficient and effective access to communication systems to all residents of the !Kheis Municipality by June 2014.	Upgrading of existing communication networks and systems Establishment of new communication systems and networks, i.e. Cellphones
12. Lack of electricity provision to all residents	To provide access to electricity for all residents of !Kheis Municipality by June 2015.	Provision of electricity networks to those areas without networks Erection of street lights in areas where needed

Needs and issues as identified by the IDP Representative Forum during this Draft IDP Phase:

Noted that a final IDP Public Participation Process will take place in May 2013 in the various areas of !Kheis Municipality. However it is envisaged that more of the community priority needs may be added.

Issues as agreed upon by the IDP Steering Committee as well as IDP Representative Forum, for the Draft IDP Process in !Kheis Municipality are as follows:

- Lack of a well organized and effective systems and implemented policies and plans to manage and serve the whole Municipal Area
- Lack of proper and sufficient water provision in some of the areas
- Lack of proper and sufficient accommodation / housing
- Lack of good quality roads infrastructure, including storm water systems as well as efficient transport system
- Lack of proper and sufficient sanitation and sewerage systems to all residents
- Low levels of skilled people as well as high levels of poverty and unemployment
- Lack of quality health and emergency services and facilities
- Lack of sufficient cemeteries to cater for the increasing mortality rate
- Proper planning and development of Opwag
- Lack of sport and recreation facilities in some of the areas
- Lack of sufficient and effective telecommunication systems
- Lack of electricity provision to some residential areas

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the 12 strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development to path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into twelve strategic priority areas as outlined below:

- Water and Sanitation
- Land and Housing
- Electricity
- Local Economic Development

- Transport Roads and Storm water
- Institutional development and financial viability
- Waste Management Health and environment
- Community participation and communication
- Disaster management
- Social development
- Safety
- Sports arts and culture

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes.

More emphasis was placed on area based interventions, within the overall holistic framework;

- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue

NC084 !Kheis - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand													
Sustainable Services	Water			3 487	3 905	4 477	4 629			4 216	4 511	4 826	
Sustainable Services	Waste & Waste Water Mgmt			2 924	3 315	3 895	4 196			4 176	4 469	4 781	
Sustainable Services	Public Works Roads & Stormwater												
Good Governance	Financial Management			8 536	23 194	30 669	3 582			36 003	35 124	37 051	
Sustainable Services	Community & Social Services			131		800	1 052			1 003	3	3	
Social Development	Sport and Recreation												
Safety and Security	Traffic			118	(321)	210	168			175	188	201	
Good Governance	Executive and Council			9 703			33 022						
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	24 899	30 092	40 050	46 649	-	-	45 573	44 294	46 863

Table 24 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC084 !Kheis - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Sustainable Services	Water			2 342	3 143	3 752	3 709			5 803	6 143	6 500
Sustainable Services	Water & Waste Water Management			2 403	2 548	2 769	1 721			3 846	4 076	4 318
Sustainable Services	Public Works Roads & Stormwater											
Good Governance	Financial Management			9 795	24 050	16 856	18 739			28 414	30 060	31 804
Good Governance	Executive and Council			1 864	1 746	5 569	3 901			7 149	7 539	7 949
Safety and security	Traffic			413	1 550	2 920	3 456					
Allocations to other priorities												
Total Expenditure			1	16 817	33 036	31 866	31 526	–	–	45 211	47 819	50 571

Table 25 MBRR Table SA6 – Reconciliation between the IDP strategic objectives and budgeted capital expenditure

NC084 !Kheis - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

2009/10 - Supporting Table 6: Reconciliation of Net Strategic Objectives and Budget (Capital Expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Infrastructure	Water	A	3	4 663	6 392							
Infrastructure	New Erven	B										
Infrastructure	Housing	C										
Infrastructure	Roads & Stormwater	D					5 504			5 824		
Infrastructure	Water & Waste Water Management	E			554	595	8 169	6 796		7 344		
Infrastructure	Public Works	F			1 173							
Infrastructure	Community and Social Services	G			384			1 000		1 000		
Infrastructure	Sport and Recreation	H			27		2 482	4 235		365		
Sustainable Services	Water	I										
Sustainable Services	Water & Waste Water Management	J										
Good Governance	Financial Management	K				2 562	3 027				10 834	10 682
Good Governance	Executive and Council	L			52	5						
Allocations to other priorities				3								
Total Capital Expenditure			1	6 853	9 554	13 679	17 535	–	–	14 533	10 834	10 682

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly to individual employee's performance.

At any time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

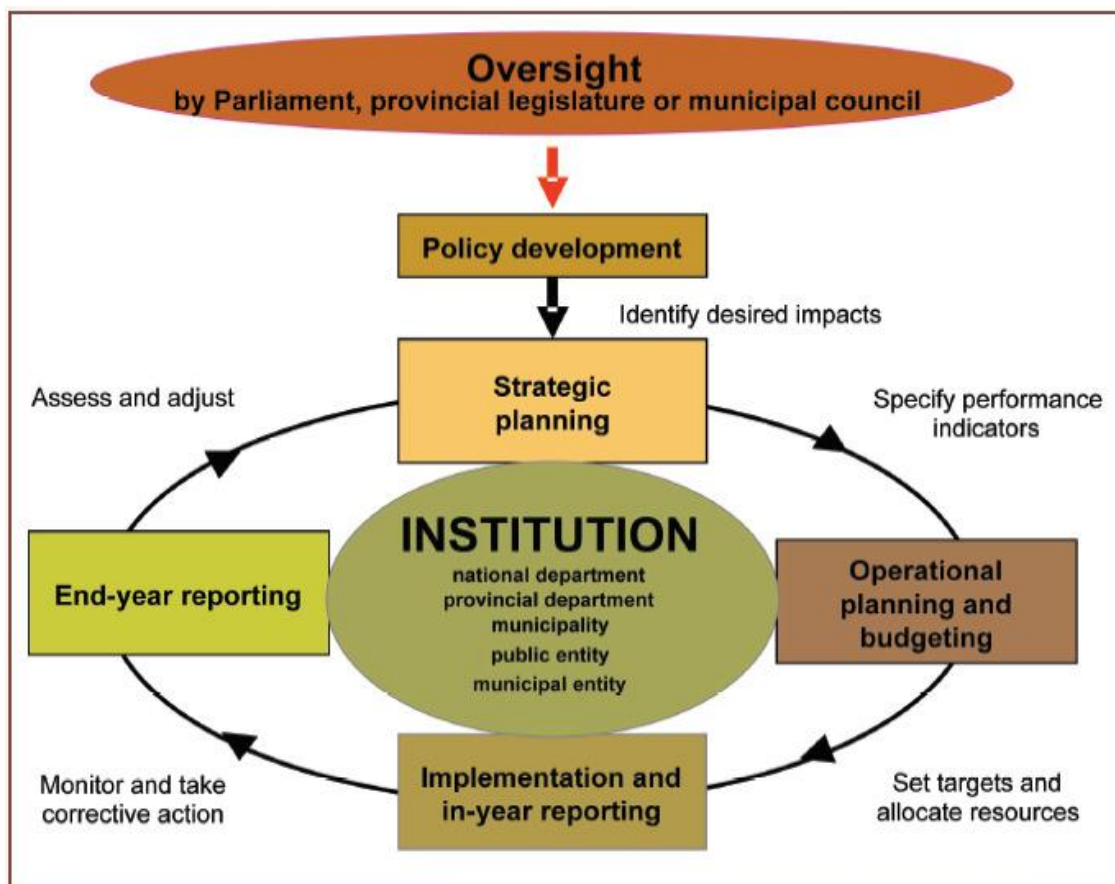


Figure 1 Planning, Budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purposes); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury

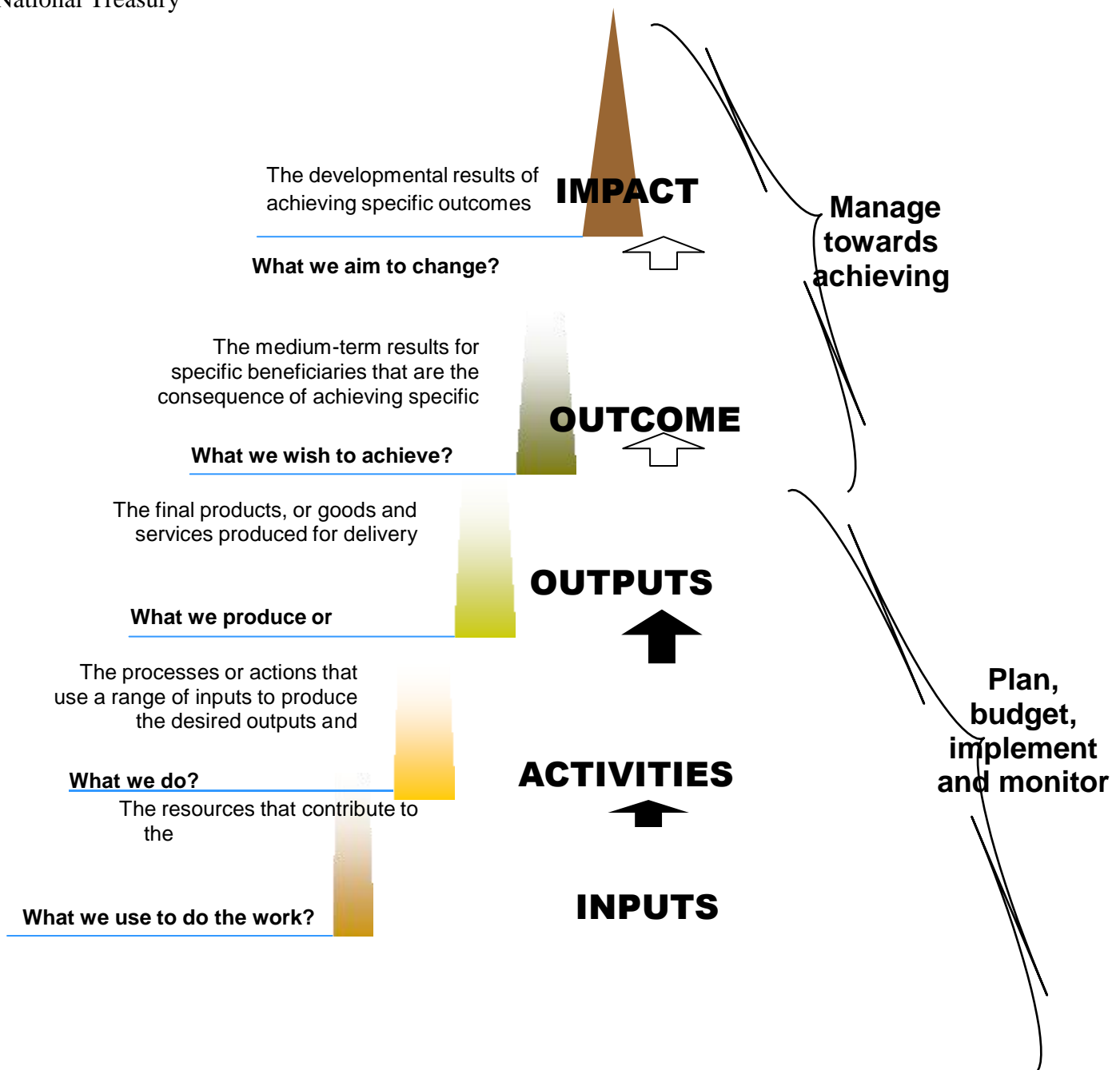


Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 26 MBRR Table SA7 – Measurable Performance objectives

The information is not available at this stage and will be included after the approval of the SDBIP.

Table 27 MBRR Table SA8 – Performance indicators and benchmarks[illegible]

!Kheis Local Municipality

2013/14 MTREF Budget

Employee costs	Employee costs/(Total Revenue - capital revenue)	30.5%	29.6%	31.8%	35.8%	35.8%	35.8%	0.0%	43.7%	43.8%	43.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	32.9%	31.2%	33.9%	30.1%	0.0%	0.0%		49.3%	49.3%	48.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.7%	2.4%	2.9%	5.6%	0.0%	0.0%		2.7%	2.6%	2.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.7%	5.8%	35.3%	0.8%	0.8%	0.8%	1.4%	33.1%	32.7%	31.8%
IDP regulation financial viability indicators	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	24.4	3.5	(17.1)	98.2	98.2	98.2	1.5	6.1	6.0	6.4
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	217.4%	34.5%	84.9%	242.7%	0.0%	0.0%	0.0%	250.0%	250.0%	250.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.5	0.6	0.8	4.1	4.8	6.5	(24.0)	1.3	1.3	1.8

2.3.1 Performance indicators and benchmarks

2.3.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, !Kheis Local municipality borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio remains negligible because of the minimal amount of borrowing the municipality is carrying.
- Capital charges to operating expenditure are a measure of the cost borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased. The cost of borrowing is expected to continue falling to below 1% over the MTREF as loans are repaid.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

2.3.1.1 Safety of Capital

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.

2.3.1.2 Liquidity

- Current ratio is a measure of the current assets dividend by the current liabilities. For the 2012/2013 MTREF the current ratio is 0.5 and in the 2013/2014 budgeted financial year and for the two outer years of the MTREF it remains on 0.5 as to 1. Going forward it will be necessary to improve on this rate. This is below the benchmark ratio because of the excessive provision for bad debts that we are still going to review.
- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations

2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash flow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intension of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.4 Creditors Management

- The municipality is struggling to ensure that creditors are settled within the legislated 30 days of invoice. This is mainly due to cashflow problems.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Only registered indigents qualify for the free basic services.

For the 2013/14 financial year more indigents have been provided for in the budget. In terms of the Municipality's indigent policy (attached as Annexure 4) registered households are entitled to 6kl free water, free sanitation and free waste removal equivalent to once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic service, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 24 MBRR A10 (Basic Service Delivery Measurement) .

2.3.3 Providing clean water and managing waste water

The municipality is the Water Service Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 90% of the municipality's bulk water needs are provided directly by Boegoeberg Water in the form of purified water.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Our blue Drop status was assessed as fair but our green drop status was not up to standard

The following is briefly the main challenges facing the municipality in this regard:

- Shortage of skilled personnel makes proper operations and maintenance difficult; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and Waste Water Division will embark on an in-house training programme, especially for operational personnel;

2.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, framework, strategies and related policies.

2.4.1 Review of rates policy

The Rates Policy will be considered for approval by Council. Amendments have been made with regard to the tariffs increases and the draft policy is attached to this document. While the draft policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to accommodate all stakeholder views. Some of the possible revisions will include the need for full participation of relevant stakeholders when changing rebates on property rates every year. In addition the rebate structure is also likely to change to incorporate the views from the stakeholders.

2.4.2 Asset Management. Infrastructure Investment and Funding Policy

Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset maintenance was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

2.4.2 Cellular telephone (mobile) and data contract policy

National Treasury requires from municipalities to compile and approve a cellular telephone (mobile) and data (3G) policy with effect of 1 July 2013. The policy must set upper monthly limits for costs associated with these expenses. The municipality is in process of developing this policy.

2.4.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

It aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget Policy was approved by Council in 2012/13.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in 2011/12 financial year. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on. The current policy can be located on the municipal website at www.!kheis.gov.za.

2.4.5 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy, as approved in council is also under review. The aim of the policy is to ensure that the municipality's surplus cash and investments, where applicable, are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.6 Tariff Policies

The municipality's tariff policies (located at www.!kheis.gov.za) provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

2.4.8 Financial Code Policy

The Financial Code Policy has directly informed the compilation of the 2013/14 MTREF with the emphasis on affordability and long-term sustainability. Although we are busy reviewing the policy, its contents have been of significance in the preparation of the MTREF. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The financial planning outcomes are taken to Council and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2012/2013 Approved Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investments possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

The above policy together with those listed below will be made available on the municipality's website, as well as:

- Property Rates Policy;
- Budget Policy; and
- Indigents Policy.
- Tariff Policy
- Credit Control and Debt Collection Policy
- Financial Code Policy
- Asset Management Policy
- Cash Management and Investment Policy
- Borrowing Policy; and
- Supply Chain Management Policy

2.5 Overview of budget assumptions

2.5.1 External factors

South Africa's economy has continued to grow, but at a slower rate than projected at the time of the 2012 Budget. GDP growth reached 2.5 per cent in 2012 and is expected to grow at 2.7 per cent in 2013, rising to 3.8 per cent in 2015. Inflation has remained moderate, with consumer prices rising by 5.7 per cent in 2012 and projected to increase by an average of 5.5 per cent a year over the period ahead.

Consequently, municipal revenues and cash flows are expected to gradually improve during 2013/14. However, given that the likely recovery is not guaranteed and, at best, is likely to be slow, the municipality still had to adopt a conservative approach in projecting expected revenues and cash receipts. This has also applied to managing all revenue and cash streams effectively, as well as evaluation of the spending decision.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices of bulk and water; and
- The increase in the cost of remuneration. Employee related costs comprise 34.7% of total operating expenditure in the 2013/14 MTREF. The increase in employee related costs is at least within inflation levels at 5.6%. We have applied the guideline increase by National Treasury as contained in Circulars 67.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The current municipal loan book is based on fixed interest. Hence, the 2013/14 MTREF is based on all borrowings being undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at varying rates at or above the CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecast term.

2.5.5 Salary increases

The National Treasury guide of (5.6 % + 1.25%) 6.85% increments has been applied across the board. CPI rates have been factored in for the two outer years of the MTREF.

2.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skills development;
- Improving health service;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

NC084 !Kheis - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	978	595	1 129	1 050	1 050	1 050	–	1 708	1 828	1 956
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	3 349	3 009	3 514	3 603	3 603	3 603	–	3 417	3 657	3 912
Service charges - sanitation revenue	2	1 304	1 267	1 389	1 483	1 483	1 483	–	1 445	1 546	1 655
Service charges - refuse revenue	2	1 580	1 712	1 849	1 978	1 978	1 978	–	1 919	2 053	2 197
Service charges – other											
Rental of facilities and equipment		397	496	188	525	525	525	490	484	518	554
Interest earned - external investments		95	161	305	112	112	112	65	310	332	355
Interest earned - outstanding debtors		155	775	1 684	1 899	1 899	1 899	1 684	1 767	1 891	2 023
Dividends received		–	–	–							
Fines		10	–	–	13	13	13	10	4	4	5
Licences and permits		118	–	–	3	3	3	1	3	3	3
Agency services		–	(321)	210	154	154	154	155	171	183	196
Transfers recognised - operational		11 086	14 517	17 395	21 799	21 799	21 799	15 622	19 771	21 012	22 861
Other revenue	2	30	536	176	38	38	38	–	22	24	26
Gains on disposal of PPE				114	120	120	120	106	382	409	437
Total Revenue (excluding capital transfers and contributions)		19 101	22 746	27 952	32 779	32 779	32 779	18 133	31 405	33 460	36 180

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a high per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;

- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over medium-term

Description	2013/14 Proposed tarif Increase
	%
Property Rates	7%
Service Charges electricity	0%
Service charges water	7%
service charges sanitation	7%
service charges refuse	7%

Revenue to be generated from property rates is R1.7million in the 2013/14 financial year and increases to R1.8 million by 2014/15 which represents 4.5% of the operating revenue base of the municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Service charges relating to water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R6.7 million for the 2013/14 financial year and increasing to R7.2million by 2014/15. For the 2013/14 financial year services charges amount to 21.6% of the total revenue base.

Operational grants and subsidies amount to R19.7million, R21million and R22.8million for each of the respective financial years of the MTREF, or 62.9% of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing on the MTREF by 6.2 per cent and 8.8 per cent for the two outer years.

The tables below provide detail investment information and investment particulars by maturity.

Table 30 MBRR SA15 – Detail Investment Information

NC084 !Kheis - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		665	669	673	1 200			660	660	660
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	665	669	673	1 200	-	-	660	660	660

Table 31 MBRR SA16 – Investment particulars by maturity

NC084 !Kheis - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission on Recipient	Expiry date of investment	Monetary value	Interest to be realised
		Yrs/Months								Rand thousand	
Parent municipality											
First National Bank		6 months	Short-term		Fixed	5.05%			18 March 2013	600	30
First National Bank			Short-term		Fixed	5.17%			24 February 2014	60	3
Municipality sub-total										660	33
Entities											
Entities sub-total										-	-
TOTAL INVESTMENTS AND INTEREST	1									660	33

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funded by:											
National Government		6,389	9,554	13,679	14,870				14,168	10,834	10,682
Provincial Government					2,300				365		
District Municipality											
Other transfers and grants		464			365						
Transfers recognised - capital	4	6,853	9,554	13,679	17,535	-	-	-	14,533	10,834	10,682
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	6,853	9,554	13,679	17,535	-	-	-	14,533	10,834	10,682

The above table is graphically represented as follows for the 2013/14 financial year.

Capital grants and receipts equates to 100% of the total funding source which represents R14.5million for the 2013/14 financial year. Movement relating to grants receipts is a decline of 31% from 2012/2013 financial year due to the absence of budget maintenance and the Kgotso Pula Nala Project.

Borrowing still remains an insignificant funding source for the capital programme over the medium-term with no new borrowing during the MTREF.

The following table is a detailed analysis of the municipality's borrowing liability.

Table 33 MBRR Table SA 17 – Detail of borrowings

NC084 !Kheis - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
Long-Term Loans (annuity/reducing balance)		2 576	2 184	1 726	3 237			3 059	2 891	2 732
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases			2 385	1 972				1 761	1 664	1 573
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	2 576	4 569	3 698	3 237	-	-	4 820	4 555	4 305
Total Borrowing	1	2 576	4 569	3 698	3 237	-	-	4 820	4 555	4 305

Table 34 MBRR Table SA 18 – Capital transfers and grants receipts

NC084 !Kheis - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
RECEIPTS:	1, 2									
-										
<u>Operating Transfers and Grants</u>										
National Government:		11 303	13 737	15 947	18 152	-	-	19 439	20 680	22 529
Local Government Equitable Share		9 703	11 787	13 707	15 852			16 899	17 946	19 612
Finance Management		850	1 200	1 450	1 500			1 650	1 800	1 950
Municipal Systems Improvement		750	750	790	800			890	934	967
Other transfers/grants [insert description]										
Provincial Government:		219	595	648	347	-	-	332	332	332
Sport and Recreation		219	220	323	347			332	332	332
Cogsta			375	325						
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	11 522	14 332	16 595	18 499	-	-	19 771	21 012	22 861
<u>Capital Transfers and Grants</u>										
National Government:		7 111	8 178	12 234	14 870	-	-	14 168	10 834	10 682
Municipal Infrastructure Grant (MIG)		7 111	8 124	11 434	13 870			13 168	10 834	10 682
EPWP Incentive			54	800	1 000			1 000		
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	6 201	-	-	365	-	-
National Lottery					6 201			365		
Total Capital Transfers and Grants	5	7 111	8 178	12 234	21 071	-	-	14 533	10 834	10 682
TOTAL RECEIPTS OF TRANSFERS & GRANTS		18 633	22 510	28 829	39 570	-	-	34 304	31 846	33 543

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium- term. The table below is consistent with international standards of good financial management practice and also improves councillors and management's ability to understand the cash flow management. Some specific features include:

- Clear separation of receipts payments within each cash flow category:
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 35 MBRR Table – Budgeted cash flow statement

NC084 !Kheis - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		12 448	4 637	5 273	11 215	11 215	4 266		4 657	5 624	6 565
Government - operating	1	11 086	23 582	27 745	21 452	21 452	17 636		19 771	21 012	22 861
Government - capital	1	5 798			13 870	13 870	17 170		14 168	10 834	10 682
Interest		95	161	1 907	112	112	289		1 194	1 372	1 569
Dividends											
Payments											
Suppliers and employees		(18 586)	(15 035)	(18 860)	(31 275)	(31 275)	(18 533)		(26 801)	(27 498)	(29 195)
Finance charges		(205)	(153)	(220)	(251)	(251)	(204)		(204)	(193)	(184)
Transfers and Grants	1	(1 760)	(2 017)	(1 582)							
NET CASH FROM/(USED) OPERATING ACTIVITIES		8 875	11 175	14 263	15 122	15 122	20 624	-	12 786	11 151	12 299
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			141	69	120		325		382	409	437
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments		(5)	(4)		5 600				-	-	-
Payments											
Capital assets		(6 853)	(9 554)	(13 679)	(13 870)	(13 870)	(17 170)	(13 870)	(14 168)	(10 834)	(10 682)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(6 858)	(9 417)	(13 609)	(8 150)	(13 870)	(16 845)	(13 870)	(13 786)	(10 425)	(10 245)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing			(708)	(459)							
Increase (decrease) in consumer deposits							6		7	8	9
Payments											
Repayment of borrowing		(586)	(167)	(413)	728		(520)		(520)	(520)	(520)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(586)	(875)	(871)	728	-	(514)	-	(513)	(512)	(511)

NET INCREASE/ (DECREASE) IN CASH HELD		1 431	883	(218)	7 700	1 252	3 265	(13 870)	(1 513)	214	1 543
Cash/cash equivalents at the year begin:	2	(897)	534	1 417	1 199	8 899	10 152	8 899	4 465	2 952	3 166
Cash/cash equivalents at the year end:	2	534	1 417	1 199	8 899	10 152	13 417	(4 971)	2 952	3 166	4 708

The above table shows that cash and cash equivalent of the municipality are anticipated to be comfortable for 2013/2014 budgeted financial year showing a balance 2.9 million due to the anticipated decrease in debtors as a result of the measures being taken to collect debts from consumer debtors. The municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions are expected to translate into positive cash flows and ultimately an improvement on the cash position for the municipality

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected)

Table 36 MBRR Table A8 – cash backed reserves/accumulated surplus reconciliation

NC084 !Kheis - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	534	1 417	1 199	8 899	10 152	13 417	(4 971)	2 952	3 166	4 708
Other current investments > 90 days		1 216	669	673	(8 790)	(10 152)	(13 417)	4 971	(6)	75	(1 144)
Non current assets - Investments	1	–	–	–	–	–	–	–	673	673	673
Cash and investments available:		1 750	2 087	1 873	109	–	–	–	3 619	3 914	4 238
Application of cash and investments											
Unspent conditional transfers		2 040	1 720	1 079	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(21 913)	2 134	2 803	(16 491)	–	–	–	(2 826)	(4 438)	(5 977)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(19 873)	3 854	3 881	(16 491)	–	–	–	(2 826)	(4 438)	(5 977)
Surplus(shortfall)		21 623	(1 768)	(2 008)	16 600	–	–	–	6 445	8 352	10 215

From the above table it can be seen that the cash and investments availability total R6 million in the 2013/14 financial year and grows to R 8.3 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investment Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipts delays will have a greater requirement for working capital, as was experienced by the municipality in 2012/13 resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its financial obligations.

It can be concluded that the municipality focused to have a surplus against the cash backed and accumulated surpluses reconciliation. The level of cash-backing decreases in 2014/15 but is expected to increase in 2015/16. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 37 MBRR SA10 – Funding compliance measurement

NC084 !Kheis Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	534	1 417	1 199	8 899	10 152	13 417	(4 971)	2 952	3 166	4 708
Cash + investments at the yr end less applications - R'000	18(1)b	2	21 623	(1 768)	(2 008)	16 600	-	-	-	6 445	8 352	10 215
Cash year end/monthly employee/supplier payments	18(1)b	3	0.5	0.6	0.8	4.1	4.8	6.5	(24.0)	1.3	1.3	1.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	8 082	(2 944)	8 184	15 122	15 122	15 122	28 411	362	(3 525)	(3 709)
Service charge rev % change - macro CPIIX target exclusive	18(1)a,(2)	5	N.A.	(14.7%)	13.7%	(3.0%)	(6.0%)	(6.0%)	(106.0%)	(1.4%)	1.0%	1.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	157.2%	57.5%	52.0%	104.3%	104.3%	39.7%	0.0%	42.6%	48.0%	52.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	13.0%	210.8%	26.7%	42.7%	42.7%	42.7%	0.0%	59.5%	58.6%	57.7%
Capital payments % of capital expenditure	18(1)c,19	8	100.0%	100.0%	100.0%	79.1%	0.0%	0.0%	0.0%	97.5%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	(458696900.0)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(85.2%)	180.6%	206.0%	(100.0%)	0.0%	0.0%	0.0%	7.0%	7.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.0%	0.9%	0.6%	2.6%	0.0%	0.0%	0.0%	1.1%	1.1%	1.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.4.1 Cash/ cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 22. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under financial stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been strengthening for the period 2008/09 to 2013/2014.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2013/14 MTREF the indicative outcome is a surplus of R4 million.

2.6.4.2 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue.

2.6.4.3 Cash receipts as a percentage of ratepayers and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 60% for 2013/2014 and it improves by 1 per cent in the outer two financial years. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.4 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It forecasted that all capital payments will be paid within the legislative requirement that creditors be paid within 30 days.

2.6.4.5 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0per cent of own funded capital, as there are intensions to obtain any borrowing. Transfers/grants revenue as a percentage of Government transfers/grants available

2.6.4.6 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

2.6.4.7 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. The table above shows no change in non-current as those older than a year have been impaired.

2.6.4.8 Repairs and Maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicate insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 48 MBRR SA34C .

2.6.4.9 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/ or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 47 MBRR SA34b.

2.7 Expenditure on grants and reconciliation of unspent funds

Table 38 MBRR SA19 – Expenditure on transfers and grant programmes

NC084 !Kheis - Supporting Table SA19 Expenditure on transfers and grant programme

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:	1									
-										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		11 103	13 868	15 947	19 152	-	-	19 439	20 680	22 529
Local Government Equitable Share		9 703	11 787	13 707	15 852			16 899	17 946	19 612
Finance Management		850	1 200	1 450	1 500			1 650	1 800	1 950
Municipal Systems Improvement		551	880	790	800			890	934	967
Other transfers/grants [insert description]										
Provincial Government:		219	220	323	347	-	-	332	332	332
Sport and Recreation		219	220	323	347			332	332	332
Cogsta										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		11 322	14 088	16 270	19 499	-	-	19 771	21 012	22 861
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		6 543	7 400	12 898	14 870	-	-	14 168	10 834	10 682
Municipal Infrastructure Grant (MIG)		6 543	7 346	12 098	13 870			13 168	10 834	10 682
EPWP Incentive			54	800	1 000			1 000		
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	6 201	-	-	365	-	-
National Lottery					6 201			365		
Total capital expenditure of Transfers and Grants		6 543	7 400	12 898	21 071	-	-	14 533	10 834	10 682
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		17 865	21 487	29 168	40 570	-	-	34 304	31 846	33 543

Table 39 MBRR SA20 – Reconciliation between of transfers, grant receipts and unspent funds

NC084 !Kheis - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		591	130	130						
Current year receipts		11 303	13 868	13 868	16 195			19 439	20 680	22 529
Conditions met - transferred to revenue		11 764	13 998	13 998	16 195	-	-	19 439	20 680	22 529
Conditions still to be met - transferred to liabilities		130								
Provincial Government:										
Balance unspent at beginning of the year			8	3						
Current year receipts		219	220	323	323			332	332	332
Conditions met - transferred to revenue		219	228	326	323	-	-	332	332	332
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year				27						
Current year receipts			375	325						
Conditions met - transferred to revenue		-	375	352	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		11 983	14 601	14 677	16 518	-	-	19 771	21 012	22 861
Total operating transfers and grants – CTBM	2	130	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		976	1 544	1 544	2 322					
Current year receipts		7 111	7 346	7 346	11 434			13 168	10 834	10 682
Conditions met - transferred to revenue		6 543	7 544	8 208	13 756	-	-	13 168	10 834	10 682
Conditions still to be met - transferred to liabilities		1 544	1 347	682						
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts								1 000		
Conditions met - transferred to revenue		-	-	-	-	-	-	1 000	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts			366	366	3 323			365		
Conditions met - transferred to revenue		-	366	366	3 323	-	-	365	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		6 543	7 909	8 573	17 079	-	-	14 533	10 834	10 682
Total capital transfers and grants – CTBM	2	1 544	1 347	682	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		18 526	22 510	23 250	33 597	-	-	34 304	31 846	33 543
TOTAL TRANSFERS AND GRANTS – CTBM		1 674	1 347	682	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 40 MBRR SA22 – Summary of councillor and staff benefits

NC084 !Kheis - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Councillors (Political Office Bearers plus Other)	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages		997	922	1 210	1 190			1 248	1 334	1 422
Pension and UIF Contributions			12	60						
Medical Aid Contributions			23	25						
Motor Vehicle Allowance		224	253		397			416	445	474
Cellphone Allowance		70	56	91	91			95	102	109
Housing Allowances										
Other benefits and allowances				360						
Sub Total - Councillors		1 291	1 265	1 746	1 678	-	-	1 760	1 880	2 005
% increase	4		(2.1%)	38.0%	(3.9%)	(100.0%)	-	-	6.8%	6.6%
Senior Managers of the Municipality	2									
Basic Salaries and Wages				943	1 108			1 615	1 722	1 837
Pension and UIF Contributions				62	100			284	303	323
Medical Aid Contributions					28					
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3				346			436	465	496
Cellphone Allowance	3				24			26	27	29
Housing Allowances	3									
Other benefits and allowances	3			322	10					
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	-	1 328	1 617	-	-	2 361	2 518	2 685
% increase	4		-	-	21.8%	(100.0%)	-	-	6.7%	6.7%
Other Municipal Staff										
Basic Salaries and Wages		3 604	4 055	4 600	5 177			8 618	9 191	9 802
Pension and UIF Contributions		466	665	771	787			1 384	1 476	1 574
Medical Aid Contributions					34			136	145	154
Overtime		118	19	21	29			91	97	103
Performance Bonus		245	426	372						
Motor Vehicle Allowance	3	400	328	481	181			660	704	751
Cellphone Allowance	3				30			77	82	88
Housing Allowances	3	8	8	8	8			31	33	35
Other benefits and allowances	3	148	331	156						
Payments in lieu of leave					338			310	330	352
Long service awards								48	51	55
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		4 988	5 831	6 408	6 584	-	-	11 354	12 109	12 914
% increase	4		16.9%	9.9%	2.7%	(100.0%)	-	-	6.7%	6.6%
Total Parent Municipality		6 280	7 096	9 482	9 880	-	-	15 474	16 507	17 605
			13.0%	33.6%	4.2%	(100.0%)	-	-	6.7%	6.6%

Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS										
		6 280	7 096	9 482	9 880	-	-	15 474	16 507	17 605
% increase	4		13.0%	33.6%	4.2%	(100.0%)	-	-	6.7%	6.6%
TOTAL MANAGERS AND STAFF	5,7	4 988	5 831	7 736	8 201	-	-	13 715	14 627	15 599

Table 41 MBRR SA23 – Salaries, allowances and benefits (political office bearers/councillors/senior managers)

NC084 !Kheis - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Rand per annum								
Councillors	3							
Speaker	4							–
Chief Whip								–
Executive Mayor			445 766		168 719			614 485
Deputy Executive Mayor								–
Executive Committee			802 374		342 774			1 145 148
Total for all other councillors								–
Total Councillors	8	–	1 248 140	–	511 493			1 759 633
Senior Managers of the Municipality	5							
Municipal Manager (MM)			533 048		204 181			737 229
Chief Finance Officer			360 644		180 590			541 234
								–
								–
								–
<i>List of each official with packages >= senior manager</i>								
Manager: Technical Services			360 644		180 590			541 234
Manager: Corporate Services			360 644		180 590			541 234
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	1 614 980	–	745 951	–		2 360 931
A Heading for Each Entity	6,7							
List each member of board by designation								–
								–
								–
								–
								–
								–
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	2 863 120	–	1 257 444	–		4 120 564

Table 42 MBRR SA24 – Summary of personnel numbers

NC084 !Kheis - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		7			7			7		
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	3		3	13	5	3	4	–	1
Other Managers	7	3	3					4	4	
Professionals		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		–	–	–	–	–	–	77	57	20
Finance								28	19	5
Spatial/town planning										
Information Technology										
Roads										
Electricity								1		1
Water								24	14	14
Sanitation								5	5	
Refuse								12	12	
Other								7	7	
Clerks (Clerical and administrative)		38	38		38	38		9	9	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		9	9		9	9				
Elementary Occupations		18	18		18	18		10	10	
TOTAL PERSONNEL NUMBERS	9	78	68	3	85	70	3	111	80	21
% increase					9.0%	2.9%	–	30.6%	14.3%	600.0%
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.9 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium- term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget and Treasury Office.

2.10 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 43 MBRR SA 34a – Capital expenditure on new assets by asset class

NC084 !Kheis - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
-										
Infrastructure		6 389	6 987	8 169	12 300	-	-	13 168	-	-
Infrastructure - Road transport		-	-	-	5 504	-	-	5 824	-	-
Roads, Pavements & Bridges					5 504			5 824		
Storm water										
Infrastructure - Electricity		1 173	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting		1 173								
Infrastructure - Water		4 663	6 392	8 169	-	-	-	-	-	-
Dams & Reservoirs										
Water purification		4 663	6 392	8 169						
Reticulation										
Infrastructure - Sanitation		554	595	-	4 496	-	-	7 344	-	-
Reticulation								7 344		
Sewerage purification		554	595		4 496					
Infrastructure - Other		-	-	-	2 300	-	-	-	-	-
Waste Management					2 300					
Transportation										
Gas	2									
Other	3									
Community		27	-	2 482	5 235	-	-	1 365	10 834	10 682
Parks & gardens										
Sportsfields & stadia		27		2 482	4 235			365		
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other					1 000			1 000	10 834	10 682

<u>Heritage assets</u>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<u>Other assets</u>		436	2 566	3 027	-	-	-	-	-	-
General vehicles										
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment		52	2 562	3 027						
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land		384								
Surplus Assets - (Investment or Inventory)										
Other			5							
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-
List sub-class										
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-
List sub-class										
<u>Intangibles</u>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on new assets	1	6 853	9 554	13 679	17 535	-	-	14 533	10 834	10 682

Table 44 MBRR SA34b – Capital expenditure on the renewal of existing assets by asset class

NC084 !Kheis - Supporting Table SA34b Consolidated capital expenditure on existing assets by asset class

[illegible]

2013/14 MTREF Budget

[illegible]

Table 45 MBRR SA34c – Repairs and maintenance expenditure by asset class

NC084 IKheis - Supporting Table SA34c Consolidated repairs and maintenance by asset class

[illegible]

Other										
Other assets		508	551	666	516	-	-	1,161	1,223	1,289
General vehicles		404	312	188	153			407	429	453
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment								462	487	513
Computers - hardware/equipment										
Furniture and other office equipment		21	61	9				250	264	278
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		28	4	16	250			25	26	28
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		55	174	453	113			16	17	18
		-	-	-	-	-	-	-	-	-
Agricultural assets										
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	512	551	810	1,851	-	-	2,343	2,451	2,566

Table 46 MBRR SA36 – Detailed capital budget per municipal vote

NC084 !Kheis - Supporting Table SA36 Consolidated detailed capital budget																
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	5		Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
Parent municipality: List all capital projects grouped by Municipal Vote																
Infrastructure Sanitation		USD Toilets				Infrastructure - Sanitation					4,496	7,344			All wards	New
Infrastructure Sanitation		2 Sewerage removal Trucks				Infrastructure - Sanitation					2,300				All wards	New
Infrastructure Sanitation		Oxidation Pond								3,122						
		Oxidation Pond								6,683						
Community Sport fields		Sport fields									3,870				Ward 2	New
Roads		Sport fields								1,630						
		Sport fields								365	365	365			Ward 3	New
Infrastructure Roads		Upgrading of access roads and streets				Infrastructure - Road transport				5,504	5,824	5,824			Ward 3	New
Other furniture and equipment		Furniture and equipment														
Other Erven		Erven								1,200						
Other Land		Upgrading of Municipal Buildings				Infrastructure - Other					1,000	1,000			All wards	Renewal
Other Land		60 Houses								4,080						
													10,834	10,682		
Parent Capital expenditure	1											14,533	10,834	10,682		
Entities: List all capital projects grouped by Entity																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										17,080	17,535	14,533	10,834	10,682		

2.11 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format has seen a marginal improvement since the turn of the year.. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes quarterly published financial performance on the municipality's website.

2. Internship Programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed three interns undergoing training in various divisions of the Budget and Treasury Office. There is currently two vacancies for financial internship. At March 2013 one financial intern successfully completed her internship and the other two will complete their internship in October 2013.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

The Audit Committee is established but is currently non-functional

5. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

6. MFMA Training

The MFMA training module in electronic format is presented at the municipality and training is going.

7. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

The municipality's Property Rates Policy has also been reviewed to take into account views from stakeholders and other similar Forums. Other budget related policies in existence include the following:

- Budget Policy;

- Indigents Policy.
- Tariff Policy
- Credit Control and Debt Collection Policy
- Financial Code Policy
- Cash Management and Investment Policy; and
- Borrowing Policy

2.12 Other supporting documents

Table 47 MBRR SA1 – Supporting detail to budgeted financial performance

NC084 !Kheis - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		978	595	1 129	1 050	1 050	1 050		1 708	1 828	1 956
less Revenue Foregone											
Net Property Rates		978	595	1 129	1 050	1 050	1 050	–	1 708	1 828	1 956
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue											
less Revenue Foregone											
Net Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		3 349	3 009	3 514	3 603	3 603	3 603		3 417	3 657	3 912
less Revenue Foregone											
Net Service charges - water revenue		349 ³	3 009	3 514	3 603	3 603	3 603	–	3 417	3 657	3 912
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue		1 304	1 267	1 389	1 483	1 483	1 483		1 445	1 546	1 655
less Revenue Foregone											
Net Service charges - sanitation revenue		304 ¹	1 267	1 389	1 483	1 483	1 483	–	1 445	1 546	1 655
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		580 ¹	1 712	1 849	1 978	1 978	1 978		1 919	2 053	2 197
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		580 ¹	1 712	1 849	1 978	1 978	1 978	–	1 919	2 053	2 197
<u>Other Revenue by source</u>											
List other revenue by source	3	30	536	176	38	38	38		22	24	26
Total 'Other' Revenue	1	30	536	176	38	38	38	–	22	24	26
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	055 ⁴	4 763	6 620	8 898	8 898	8 898		10 509	11 207	11 953
Pension and UIF Contributions		665	656	838	1 485	1 485	1 485		1 717	1 831	1 952

!Kheis Local Municipality

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Total 'Other' Expenditure	1	614 ⁴	5 008	6 438	8 744	8 744	8 744	–	10 369	10 911	11 470
Repairs and Maintenance by Expenditure Item	8										
Employee related costs		831 ⁵	6 742	8 880	11 742	11 742	11 742		14 073	15 036	16 066
Other materials		552	711	718	1 851	1 851	1 851		842	870	900
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	383 ⁶	7 453	9 598	13 593	13 593	13 593	–	14 915	15 907	16 965

Table 48 MBRR SA3 – Supporting detail to statement of financial position

NC084 IKheis - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

[illegible]

2013/14 MTREF Budget

Total capital expenditure includes expenditure on nationally significant priorities:

[illegible]

Table 49 MBRR SA25 - Budgeted monthly revenue and expenditure

NC084 !Kheis - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source	-															
Property rates		1 708											-	1 708	1 828	1 956
Property rates - penalties & collection charges													-	-	-	-
Service charges - electricity revenue													-	-	-	-
Service charges - water revenue		285	285	285	285	285	285	285	285	285	285	285	285	3 417	3 657	3 912
Service charges - sanitation revenue		120	120	120	120	120	120	120	120	120	120	120	120	1 445	1 546	1 655
Service charges - refuse revenue		160	160	160	160	160	160	160	160	160	160	160	160	1 919	2 053	2 197
Service charges - other													-	-	-	-
Rental of facilities and equipment		40	40	40	40	40	40	40	40	40	40	40	40	484	518	554
Interest earned - external investments		26	26	26	26	26	26	26	26	26	26	26	26	310	332	355
Interest earned - outstanding debtors		147	147	147	147	147	147	147	147	147	147	147	147	1 767	1 891	2 023
Dividends received													-	-	-	-
Fines		0	0	0	0	0	0	0	0	0	0	0	0	4	4	5
Licences and permits		0	0	0	0	0	0	0	0	0	0	0	0	3	3	3
Agency services		14	14	14	14	14	14	14	14	14	14	14	14	171	183	196
Transfers recognised - operational		2 872											16 899	19 771	21 012	22 861
Other revenue		2	2	2	2	2	2	2	2	2	2	2	2	22	24	26
Gains on disposal of PPE		32	32	32	32	32	32	32	32	32	32	32	32	382	409	437
Total Revenue (excluding capital transfers and contributions)		5 407	827	827	827	827	827	827	827	827	827	827	17 727	31 405	33 460	36 180
Expenditure By Type	-															
Employee related costs												1 143	12 930	14 073	15 036	16 066
Remuneration of councillors												147	1 613	1 760	1 880	2 005
Debt impairment													5 340	5 340	5 629	5 933
Depreciation & asset impairment													10 191	10 191	10 741	11 321
Finance charges													204	204	193	184
Bulk purchases													899	899	948	999
Other materials													843	843	870	899
Contracted services													-	-	-	-
Transfers and grants													1 890	1 890	1 993	2 102

Kheis Local Municipality												2013/14 Budget and MTREF			
Other expenditure												10 369	10 369	10 911	11 470
Loss on disposal of PPE												-	-	-	-
Total Expenditure		-	-	-	-	-	-	-	-	-	1 290	44 280	45 569	48 201	50 979
Surplus/(Deficit)		5 407	827	827	827	827	827	827	827	827	(462)	(26 553)	(14 164)	(14 741)	(14 798)
Transfers recognised - capital												14 168	14 168	10 834	10 682
Contributions recognised - capital												-	-	-	-
Contributed assets												-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		5 407	827	827	827	827	827	827	827	827	(462)	(12 385)	4	(3 907)	(4 116)
Taxation												-	-	-	-
Attributable to minorities												-	-	-	-
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	1	5 407	827	827	827	827	827	827	827	827	(462)	(12 385)	4	(3 907)	(4 116)

Table 50 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC084 !Kheis - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	-															
Vote 1 - Excutive & Council													-	-	-	-
Vote 2 - Finance & Administration		3 127	255	255	255	255	255	255	255	255	255	255	30 498	178 36	35 312	37 252
Vote 3 - Community Services		1 000	0	0	0	0	0	0	0	0	0	0	0	003 1	3	3
Vote 4 - Waste Water Management		348	348	348	348	348	348	348	348	348	348	348	348	176 4	4 469	4 781
Vote 5 - Water		351	351	351	351	351	351	351	351	351	351	351	351	216 4	4 511	4 826
													-	-	-	-
													-	-	-	-
Total Revenue by Vote		4 827	955	955	955	955	955	955	955	955	955	955	31 197	573 45	44 294	46 863
Expenditure by Vote to be appropriated	-															
Vote 1 - Excutive & Council		596	596	596	596	596	596	596	596	596	596	596	596	149 7	7 539	7 949
Vote 2 - Finance & Administration		2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 420	250 25	26 716	28 269
Vote 3 - Community Services		292	292	292	292	292	292	292	292	292	292	292	292	509 3	3 712	3 927
Vote 4 - Waste Water Management		320	320	320	320	320	320	320	320	320	320	320	334	859 3	4 091	4 333
Vote 5 - Water		484	484	484	484	484	484	484	484	484	484	484	484	803 5	6 143	6 500
													-	-	-	-
													-	-	-	-
Total Expenditure by Vote		3 768	3 768	3 768	3 768	3 768	3 768	3 768	3 768	3 768	3 768	3 768	4 126	569 45	48 201	50 979
Surplus/(Deficit) before assoc.		1 059	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	27 071	4	(3 907)	(4 116)
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	1 059	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	27 071	4	(3 907)	(4 116)

Table 51 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC084 !Kheis - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue - Standard	-															
Governance and administration		5 693	113	113	113	113	113	113	113	113	113	113	29 364	36 187	34 274	36 165
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		3 985	113	113	113	113	113	113	113	113	113	113	29 364	34 478	32 446	34 209
Corporate services		1 708	-	-	-	-	-	-	-	-	-	-	-	1 708	1 828	1 956
Community and public safety		-	-	-	-	-	-	-	-	-	-	-	819	819	853	889
Community and social services		-	-	-	-	-	-	-	-	-	-	-	819	819	853	889
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-	-	175	175	188	201
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	175	175	188	201
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-	-	8 392	8 392	8 980	9 608
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	4 216	4 216	4 511	4 826
Waste water management		-	-	-	-	-	-	-	-	-	-	-	2 258	2 258	2 416	2 585
Waste management		-	-	-	-	-	-	-	-	-	-	-	1 919	1 919	2 053	2 197
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard		5 693	113	113	113	113	113	113	113	113	113	113	38 750	45 573	44 294	46 863
Expenditure - Standard	-															
Governance and administration		-	-	-	-	-	-	-	-	-	-	-	32 399	32 399	34 255	36 219
Executive and council		-	-	-	-	-	-	-	-	-	-	-	7 149	7 149	7 539	7 949
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	25 250	25 250	26 716	28 269
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-	3 509	3 509	3 712	3 927
Community and social services		-	-	-	-	-	-	-	-	-	-	-	3 509	3 509	3 712	3 927

Kheis Local Municipality												2013/14 Budget and MTREF			
Sport and recreation												-	-	-	-
Public safety												-	-	-	-
Housing												-	-	-	-
Health												-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development												-	-	-	-
Road transport												-	-	-	-
Environmental protection												-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-	9 661	9 661	10 234	10 833
Electricity												-	-	-	-
Water												5 803	5 803	6 143	6 500
Waste water management												3 859	3 859	4 091	4 333
Waste management												-	-	-	-
Other												-	-	-	-
Total Expenditure - Standard		-	-	-	-	-	-	-	-	-	-	45 569	45 569	48 201	50 979
Surplus/(Deficit) before assoc.		5 693	113	113	113	113	113	113	113	113	113	(6 819)	4	(3 907)	(4 116)
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	1	5 693	113	113	113	113	113	113	113	113	113	(6 819)	4	(3 907)	(4 116)

Table 52 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC084 !Kheis - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive & Council													-	-	-	-
Vote 2 - Finance & Administration													-	-	10 834	10 682
Vote 3 - Community Services													7 189	7 189	-	-
Vote 4 - Waste Water Management													7 344	7 344	-	-
Vote 5 - Water													-	-	-	-
													-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	14 533	14 533	10 834	10 682
Single-year expenditure to be appropriated																
Vote 1 - Executive & Council													-	-	-	-
Vote 2 - Finance & Administration													-	-	-	-
Vote 3 - Community Services													-	-	-	-
Vote 4 - Waste Water Management													-	-	-	-
Vote 5 - Water													-	-	-	-
													-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	-	-	-	-	-	-	-	-	-	-	-	14 533	14 533	10 834	10 682

Table 53 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC084 !Kheis - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	10 834	10 682
Executive and council													-	-	-	-
Budget and treasury office													-	-	10 834	10 682
Corporate services													-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	7 189	7 189	-	-
Community and social services													6 824	6 824	-	-
Sport and recreation													365	365	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development													-	-	-	-
Road transport													-	-	-	-
Environmental protection													-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	7 344	7 344	-	-
Electricity													-	-	-	-
Water													-	-	-	-
Waste water management													7 344	7 344	-	-
Waste management													-	-	-	-
<i>Other</i>													-	-	-	-
Total Capital Expenditure - Standard	2	-	-	-	-	-	-	-	-	-	-	-	14 533	14 533	10 834	10 682

Table 54 MBRR SA30 - Budgeted monthly cash flow

NC084 !Kheis - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Receipts By Source													1		
Property rates												854	854	914	978
Property rates - penalties & collection charges												-	-	-	-
Service charges - electricity revenue												-	-	-	-
Service charges - water revenue												1 708	1 708	1 827	1 955
Service charges - sanitation revenue												701	701	751	803
Service charges - refuse revenue												959	959	1 026	1 098
Service charges - other												-	-	-	-
Rental of facilities and equipment												250	250	267	286
Interest earned - external investments												305	305	332	355
Interest earned - outstanding debtors												884	884	945	1 012
Dividends received												-	-	-	-
Fines												4	4	4	5
Licences and permits												3	3	3	3
Agency services												171	171	183	196
Transfer receipts - operational												19 771	19 771	21 012	22 861
Other revenue												-	-	-	-
Cash Receipts by Source	-	-	-	-	-	-	-	-	-	-	-	25 609	25 609	27 265	29 552
Other Cash Flows by Source															
Transfer receipts - capital												14 168	14 168	10 834	10 682
Contributions recognised - capital & Contributed assets												-	-	-	-
Proceeds on disposal of PPE												382	382	409	437
Short term loans												-	-	-	-
Borrowing long term/refinancing												-	-	-	-
Increase (decrease) in consumer deposits												7	7	8	9
Decrease (Increase) in non-current debtors												-	-	-	-
Decrease (increase) other non-current receivables												-	-	-	-

Kheis Local Municipality												2013/14 Budget and MTRF			
investments															
Total Cash Receipts by Source	-	-	-	-	-	-	-	-	-	-	-	40 167	40 167	38 516	40 680
Cash Payments by Type															
Employee related costs												13 369	13 369	14 284	15 262
Remuneration of councillors												1 760	1 760	1 880	2 005
Finance charges												204	204	193	184
Bulk purchases - Electricity												-			
Bulk purchases - Water & Sewer												899	899	900	949
Other materials												843	843	827	854
Contracted services												-			
Transfers and grants - other municipalities												-			
Transfers and grants - other												-			
Other expenditure												10 186	10 186	10 736	11 315
Cash Payments by Type	-	-	-	-	-	-	-	-	-	-	-	27 260	27 260	28 821	30 570
Other Cash Flows/Payments by Type															
Capital assets												(14 168)	(14 168)	(10 834)	(10 682)
Repayment of borrowing												(520)	(520)	(520)	(520)
Other Cash Flows/Payments												-			
Total Cash Payments by Type	-	-	-	-	-	-	-	-	-	-	-	12 572	12 572	17 467	19 368
NET INCREASE/(DECREASE) IN CASH HELD	-	-	-	-	-	-	-	-	-	-	-	27 594	27 594	21 049	21 312
Cash/cash equivalents at the month/year begin:		-	-	-	-	-	-	-	-	-	-	-	-	27 594	48 643
Cash/cash equivalents at the month/year end:	-	-	-	-	-	-	-	-	-	-	-	27 594	27 594	48 643	69 955

Table 55 MBRR SA9 -Social, economic and demographic statistics and assumptions

NC084 !Kheis - Supporting Table SA9 Social, economic and demographic statistics and assumptions

[illegible]

!Kheis Local Municipality

2013/14 Budget and MTREF

[illegible]

2.13 Municipal manager's quality certificate

I, HT Scheepers, the Municipal Manager of !Kheis Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____
Municipal Manager of !Kheis Local Municipality (NC084)

Signature _____

Date _____